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OFFICE OF THE CITY CLERK
OAKLAND

CITY OF OAKLAND

AGENDA REPORT

2008 DEC -4 PM 6:16

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Community and Economic Development Agency
DATE: December 16, 2008

RE: A Report On The City's Economic Development Operational Framework Including Discussion Of Resources To Create, Attract, Expand And Retain Businesses In Oakland

SUMMARY

This report presents an overview of Oakland's current economic development programs, services and projects managed by the Economic Development Division of the Community and Economic Development Agency (CEDA) to increase investments in Oakland and create jobs for Oakland residents. As depicted in **Attachment A** and detailed in **Attachment B**, the Economic Development and Redevelopment Divisions, with assistance from CEDA's other divisions, such as Building Services, Planning/Zoning, Real Estate, and Housing/Community Development, offer a wide array of economic development services and are involved in over two dozen major economic development initiatives. The efforts of CEDA staff to support these initiatives are consistent with the goal to elevate Economic Development as a major priority in accordance with the FY2007-2009 City Policy Budget.

Council is requested to analyze and comment on the operational framework described in this report and attachments and provide input regarding the development of a strategic action plan to promote Oakland's economic development.

FISCAL IMPACT

Potential fiscal impacts for proposed incentive programs are being analyzed and will include detailed cost/benefit analyses when complete.

BACKGROUND

Economic Development promotes increased economic well-being for the benefit of the community. Consistent with the California Association for Local Economic Development (CALED)¹ standards, Oakland's economic development programs are focused on influencing the direction of private sector investment toward opportunities that can lead to sustained economic growth.

¹ The CALED website is located at: www.caled.org.

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There are three basic approaches used to enhance local economic development:

- Business Creation – encouraging the growth of new businesses;
- Business Attraction – attracting new business;
- Business Retention and Expansion – improving conditions for existing businesses and enabling existing businesses to grow.

In pursuing these approaches, economic developers typically perform the following tasks and functions:

- Facilitate the creation of public-private partnerships and coordinate activities and communications between different regional agencies and organizations; assemble different entities and representatives at the table; gather resources, foster collaboration, mediate and match buyers with suppliers, and thus help create business partnerships.
- Offer accurate and up-to-date information to prospects interested in investing, locating, or expanding in a specific area; provide information on community resources and other “enablers” needed by local industries and the private and public sectors.
- Serve as analysts and understand the strengths and weaknesses of economic conditions; monitor and assess the local economy and business climate in order to perform effectively.
- Help leverage finances from both the public and private sectors with funding that is critical to helping communities attract new businesses, facilitate enterprise development, and assist existing business with expansion and troubleshooting.

The work that Economic Development and other staff perform to create and grow a business-friendly climate—one in which businesses flourish and Oakland is attractive to new businesses—is comprehensive and has been happening for a long time. Staff has provided extensive input to advance the work of: City Council goals, Business Service Organization Initiative, the Oakland Partnership, the City of Oakland Broker Forums and the Mayor’s Taskforce initiative. This work has provided some guidance to staff efforts and has helped shape the Economic Development Operational Framework provided as an attachment to this report. There is no magic approach to economic development; rather, a sound economic development strategy requires long-term, multi-pronged initiatives as well as the ability to be nimble in the face of changing market conditions.

KEY ISSUES AND IMPACTS

There is no alternative to private sector investment as the engine for economic growth, but there are many initiatives that a city such as Oakland can support to encourage investments where the community feels the investments are needed the most. One such initiative is the Economic Development Operational Framework, **Attachment B**, which outlines a cogent and effective Economic Development program that draws upon the resources, commitment, and expertise of staff from several divisions within CEDA, as well as business services organizations throughout the City. The purpose for creating an operational framework is to improve overall coordination of Agency activities. The underlying philosophy of this framework is to be proactive and sufficiently flexible to respond to changes in business conditions.

The City of Oakland has not had a formally adopted Economic Development Strategy since 1997. The city offices of Economic Development have been reduced considerably over time due to diminished funding. Previously, the Division was comprised of three units: Business Development, Neighborhood Commercial Revitalization (NCR), and Workforce Development. The remaining core service offered by the Economic Development Division is Business Development Services. Since 2000 there have been eight different managers and directors assigned to oversee the Economic Development Division. In July 2007 the NCR Unit was dissolved and its functions reassigned to other units in the Agency and portions of the Workforce Development Unit were assigned to the Mayor's office. To maximize the allocation of its resources, the Economic Development Division needs continued stability and executive direction and an organizational structure that supports an adopted Economic Development strategy.

Significant staff work has been undertaken to better coordinate with the various divisions within CEDA to improve the delivery of economic development programs. For example, the Economic and Redevelopment Divisions now hold monthly meetings to coordinate activities and share information and the two divisions recently held a combined staff retreat. Communications with the external partners has also improved. The Business Development Services Unit now hosts the Oakland Brokers Forum, a Oakland CEO Speakers series, and is more actively involved in communications with merchant associations and Community Benefit Districts. The Enterprise Zone program staff is more actively marketing the benefits of that program.

The proposed new Customer Relationship Management (CRM) system is a web-based data product designed to track client activity, measure results and foster multiple community and intra-agency coordination efforts. This System is an element of the Economic Development Operational Framework detailed in **Attachment B**. A report and City Council resolution pertaining to the new Customer Management System was presented to the CED Committee for approval on December 2, 2008.

Despite not having a division manager and undergoing many organizational changes, the Economic Development Division has operated productively. The Division is now comprised of

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14 professional staff and three administrative support staff. Recruitment efforts are underway to fill the re-established Economic Development Manager position, the Workforce Development Manager; two Urban Economic Analyst IV positions (to guide the implementation of the Citywide Retail Development Strategy and the creation of a more comprehensive Business Support Program); an Urban Economic Analyst III position (to assist in Emerging Industries recruitment); and two Analyst positions to staff the Workforce Development Program. Fully staffed and under the guidance of an Economic Development Strategy, staff expects that key initiatives can be completed and core business creation, attraction, retention and expansion services will be enhanced.

PROGRAM DESCRIPTION

This section of the report outlines the Operational Framework created by staff. It describes the City's economic development functions and roles, and offers recommendations for moving Oakland's economic development efforts forward.

A) OPERATIONAL FRAMEWORK

Mission:

The mission of the Economic Development Division is to increase investment in Oakland in a way that contributes to the prosperity of businesses and provides sustainable job opportunities for Oakland residents.

Who we serve and the sectors we target:

Within the Economic Development Operational Framework depicted in **Attachment A** and detailed in **Attachment B**, Oakland's economic development efforts provide essential support and resources for all businesses, from start-ups to large corporations, through ongoing creation, attraction, expansion and retention services. These areas constitute the cornerstones of economic development staff work. For much of this work, staff is organized along industry sector lines; the four basic sectors being green, industrial, office and retail, described briefly here:

Green

CEDA Economic Development green sector staff work with businesses which incorporate recycled feedstock into production and which produce alternative energy and other green products and services. Staff also assists with special projects, such as tracking diesel impact reduction activities at the Port of Oakland, deconstruction of buildings at the Oakland Army Base, activities of the East Bay Green Corridor Partnership and the Green Jobs Corps.

Industrial

CEDA Economic Development industrial sector staff work with industrial businesses. Activities include development of four Industrial Business Districts; managing the City's

Brownfield Loan Program, and managing the City's business retention consultant services. Combined, these activities address critical issues impacting the success of industrial business in Oakland, including: security and safety, blight, parking, assisting with workforce recruitment services, and promoting linkages to local suppliers. Staff often coordinates with a number of city agencies and outside regulatory agencies that impact industrial or food processing businesses. Staff has produced marketing profiles, newsletters, and a business directory and associated website for West Oakland; created the Oakland Food Trail to celebrate niche food and wine production in Oakland; and presents Oakland's industrial land policy and business support efforts at conferences.

Office

CEDA Economic Development office sector staff worked with SKS Investments to attract its interest in Oakland's downtown, resulting in an initial investment of \$40 million in the acquisition of two properties and plans to build a \$300 million Class A, LEED Gold office tower at 1100 Broadway; supported other Economic Development staff to establish two new Community Benefit Districts in downtown; is coordinating efforts with the Redevelopment Division to refurbish the Scotlan Convention Center, leveraging CIM Group's investment; working with the Oakland Metropolitan Chamber of Commerce to develop new tax abatement incentives; and working to establish Oakland as a preeminent international trade-friendly city.

Retail

CEDA Economic Development retail sector staff recently managed a year-plus process resulting in the Oakland Retail Enhancement Strategy, which offers recommendations for maximizing needed retail, including how to grow convenience and comparison goods retail in neighborhood commercial districts, and where and how to site a much-needed comparison goods shopping place. Staff was responsible for managing the work developed by a professional consultant team. Staff has participated in the selection of the Upper Broadway Specific Plan consultant and supported CEDA's efforts to secure MTC funding for the specific plan; and have continued to reach out to and respond to retail developers. A primary activity of Retail Sector staff is to manage the City's participation in six International Council of Shopping Centers (ICSC) trade shows and events per year - with an annual average of 140 interactions and meetings at these events; and coordinate the creation and maintenance of marketing collateral materials and website content. Oakland's continued presence at ICSC events is critical to maintain as the Retail Strategy is implemented.

Program Activities:

The four main categories of staff work are organized as follows:

1. **Product Development:** Facilitating investments and developing services to create a business-friendly environment by improving the conditions that make Oakland an

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attractive place to do business. Examples include identifying appropriately zoned land for industrial businesses, locating attractive sites for retail leasing and development and quality space for office businesses, and investing in infrastructure improvements and site assembly. These activities are designed to retain and strengthen existing businesses through citywide business development strategies including the Retail Enhancement Strategy, the Industrial Business District Strategy, Vacant Downtown Office Space Strategy, International Trade Initiatives, Green Industry Attraction Strategy, and the City's proposed Business Access Center.

2. Marketing: Communicating through print materials, websites, marketing campaigns, public relations, trade shows and other forms of outreach and promoting the many advantages of investing and doing business in Oakland.
3. Brokering and Case Management: Facilitating relationships and serving as advisors for individual businesses interested in moving to Oakland, expanding operations and creatively addressing challenges to doing business in Oakland. These activities also include a number of regional partnerships that the City of Oakland currently participates in, as well as working closely with other local and state offices and agencies to coordinate efforts and leverage new resources.
4. Customer Relationship Management (CRM): CRM promotes developing relationships with businesses, investors, property owners, and brokers to support increased, sustainable economic activity in Oakland. Maintaining these relationships, through applied technology, will enable staff to have a better understanding of the challenges facing businesses, provide market intelligence to help existing business and attract new ones, and aid in the design of effective incentive programs. In addition, CRM will enable staff to efficiently record business interactions, measure the value of economic activity, the effectiveness of incentives, and strategically address economic development.

Taken together, the activities and initiatives described above and detailed in **Attachments A and B** present the operational framework for a dynamic and comprehensive economic development program capable of adapting to changing market conditions and policy shifts.

B) PROPOSED INCENTIVES AND STRATEGIES

The effectiveness of the Economic Development Operational Framework and realization of the goals described in this report are directly impacted by the ability of Economic Development staff to work under unified leadership and with work plans based on a cohesive, comprehensive and focused economic development goal. Accordingly, staff is is considering the following incentives:

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1. Develop and Implement Specific New Financial Incentives

Jobs and Tax Base Stimulus Plan

Business Development has initiated the process to craft a Jobs and Tax Base Stimulus Plan in response to the national and regional economic downturn affecting Oakland's job and tax bases. Other local governments have already begun exploring efforts to assist existing businesses and induce new businesses to relocate to their jurisdictions. Oakland's development and adoption of an incentive program will be beneficial in our ability to promote ourselves in our ongoing efforts to attract new business tax revenue and jobs to Oakland.

The Jobs and Tax Base Stimulus Plan will include a "menu" of incentives that can be packaged together and tailored in the form of Economic Development Agreements to target individual companies. All Economic Development Agreements would be legally required to demonstrate that the value of the incentives provided to a business are offset or exceeded by the economic benefits (jobs, local tax revenue) to the City, as the result of the expansion or relocation of the business.

Existing and proposed incentives that could compose elements of the Jobs and Tax Base Stimulus Plan are:

Existing incentives

- Enterprise Zone tax credits
- Façade and Tenant Improvement Grant Program in eligible areas
- Brownfield assessment and cleanup financial assistance
- Workforce and training assistance
- Foreign Trade Zone
- 5-year Business Tax exemption for new commercial construction or major commercial renovations
- Micro-loan and commercial loan programs

Proposed New Jobs Tax Incentives

Many opportunities exist for Oakland to attract large businesses that are considering an expansion or relocation in the near future. Business attraction incentives represent a common approach among cities to grow tax revenue, jobs and business activities associated with large employers. However, business attraction efforts should not be too narrowly defined as to exclude smaller businesses. In addition, existing Oakland businesses represent the core of any city's business tax and jobs bases, and should not be excluded from any incentive program(s).

It is critical to note that incentive programs need to be designed with great care so as to achieve the appropriate purpose of stimulating new and existing business and not result in a major decline in short-term city tax revenues. In addition, they need to be designed so as to avoid a

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bidding war between neighboring jurisdictions in which it becomes “a race to the bottom” in which all jurisdictions are competing which each other to out-stimulus the other.

Staff plans to return to Council during the first quarter of 2009 with a comprehensive proposal for an incentive program with the necessary analysis of potential financial impact(s) to the City.

Program Research In Progress: Staff is currently conducting the research required to bring a New Jobs Tax Incentive Program to the City Council for consideration. The proposals under consideration would waive all or a portion of City business tax liability over a four year period.

Three possible options are outlined below:

- Ten percent decrease in existing business tax rates for all business classifications over a four year period. This proposal is being considered because Oakland’s business taxes are the highest in Alameda County, and higher than San Jose, Walnut Creek and San Ramon. An across the board business tax rate decrease would improve Oakland’s business climate and generate free advertising in the business community through press coverage. However, the fiscal impact could be significant: Total business tax revenue for the city was \$52.5 million in 2007. A study would be required to determine whether new business tax revenue generated by relocations to Oakland and growth of existing businesses stimulated by the business tax decrease would offset business tax revenue losses.
- Waive all or a portion of City business tax liability over a four year period for all business that sign five-year leases. Businesses that sign leases of five years or longer are showing a strong and long-term commitment to Oakland. Any program that can encourage these commitments should be considered. Such a program also would not discriminate against small businesses. This program would be a tool for the City to use in targeting both new and existing business across all sectors.
- Waive all City business tax liability over a four year period for that portion of a business’s tax liability above the base year of the program. Example: Business tax base (gross receipts or payroll) for Business A is \$1 million in 2008, and grows incrementally over four years to \$1.6 million. Under the program, Business A would pay City business taxes on \$1 million for all four years of the program. This program would encourage businesses to grow and expand in Oakland – to hire more employees and expand their operations. This program could be implemented in conjunction with one of the two other proposals.

To be eligible for any of these three programs, businesses would be required to enter into a First Source Hiring Agreement, make a good faith effort to recruit Oakland residents when hiring employees, and would be required to comply with the City’s Living Wage Ordinance.

Retail Sales Tax Incentive Program

Staff proposes that the City Council approve a program that authorizes staff to develop sales tax sharing agreements with large retailers. These agreements would authorize reimbursement of some portion of sales taxes collected by the City for targeted retailers.

A related effort is a proposed review of existing City policies that might impact efforts to attract retail users to Oakland. The analysis will include a review of long standing policies such as living wage and retail sector business tax structures, given local community needs for goods and services.

Economic Development Program Funding Options:

In order to fully implement a comprehensive Economic Development Strategy, additional funding will be required to support business stabilization, fund an Incentives Program, enhance marketing efforts, and support expert advisors and technical consultants

Economic incentives can be valuable tools for “closing the deal” with companies considering location in the Bay Area. A proactive business attraction approach and an economic development Incentives Program can assist in expanding the number of companies considering Oakland. Staff is exploring the feasibility of creating a revenue source to support economic development activities. Two options being explored are: Creation of an Economic Development Impact Fee (EDIF) and/or the creation of an Economic Development Enterprise Fund (EDEF).

An EDIF would have zero direct fiscal impact on the City budget because it would create a revenue stream that does not currently exist. This revenue stream could be used to financially support public infrastructure projects within Oakland’s industrial districts. Staff would explore the feasibility of adding a fee to commercial development projects to support economic development activities only. All new commercial developments, as well as commercial facilities renovations could be assessed this fee. Staff will initiate the analysis after consultation with the Financial Services Agency, City Attorney’s Office and Planning staff.

An EDEF would be funded by allocating a percentage of revenues created by the efforts of the Economic Development Division to support future business creation, attraction, and expansion or retention services, as well as, to develop programming that is supportive of existing businesses. This approach will require authority for Economic Development staff to direct staff - and staff actions - in other City agencies.

By funding a more dynamic economic development unit, an EDIF or EDEF could assist in providing critical services to business districts not located in Redevelopment Areas and could also help attract more businesses of all sizes and across all sectors to Oakland. Revenue generated by an EDIF or EDEF would pay for expert advisors and technical consultants, the creation and oversight of a Business Incentives Program, public infrastructure related to business

attraction, and enhanced marketing efforts. The specific economic development activities supported by EDIF or EDEF revenue may include:

- Economic Development Programs: Identify funding source to provide a more balanced service level for business corridors throughout Oakland, in particular those not serviced by redevelopment.
- Marketing: Communication through print materials, websites, marketing campaigns, public relations, trade shows and other forms of outreach to promote the many advantages of investing and doing business in Oakland. Local television and radio spots should also be a part of a visible campaign to improve the image and perception of Oakland as a place to do business.
- Expert Industry Consultants: Develop business opportunities in high growth sectors, staff will need the support of experts in the areas of:
 - Health Care/Life Sciences
 - Green Technology and Energy

These two industry sectors are the fastest growing and have the most potential for long term business attraction. An emphasis on these sectors builds off Oakland's strengths in healthcare and its growing number of green tech companies. In addition, Oakland is well situated to accommodate growth in these sectors, given recent re-zoning efforts to preserve industrial lands, sites available for redevelopment, and Oakland's strategic location. Oakland is in the center of the East Bay Bio-tech hub. The expert consultants would assist staff in development of marketing strategies to target companies in these sectors and to develop and evaluate proposals to bring these industries to Oakland.

- Software and Technology: To assist with business attraction and retention efforts, such as business survey tools and analysis, technical and financial resource consultation. Economic impact and input/output models are also necessary to analyze proposed Economic Development Agreements with individual businesses.
- Public Infrastructure: To upgrade and enhance public infrastructure and facilities to assist in the creation, attraction, expansion or retention of businesses, particularly manufacturing and industrial businesses. The Oakland Industrial Business District Program has identified needed infrastructure improvements in three of Oakland's industrial corridors.
- Business Incentives Program: Funds to support attraction and relocation costs of significant employers. Funding could also assist in supporting the expansion of existing businesses.

- Business Access Center: A Business Access Center will require funding for start up, operations, and equipment.
- Retail Development Activities:
 - Merchant Association Development and Merchant Assistance Grant Program: The Oakland Merchant Leadership Forum (OMLF) facilitates the City's efforts in over 40 active merchant associations and nine Community Benefit Districts (CBDs). The Merchant Assistance Grant Program provides small grants to merchant associations for organizational support, marketing and technical assistance. Funding for both activities was reduced for FY 2008-09.
 - Façade Improvement Program and the Tenant Improvement Program: These successful programs can only serve redevelopment and CDBG eligible areas; with additional funds all areas of Oakland could obtain assistance.
 - Master Leasing Program: Some cities chose to "master lease" a facility in a prime location to preserve the opportunity for retail or to assist local retailers or businesses to expand. The Retail Enhancement Strategy has identified key nodes that might benefit from such a program.
 - Downtown – Class B Building Improvement Matching Grants: Downtown Oakland has a significant number of Class B buildings that require modernization and tenant improvements for today's office and small retail market demands. If revenues were available, matching grants could be made available to assist property owners with major improvements above the current tenant and façade improvement program limits.

These are examples of economic development activities that could be developed if additional revenues were available. Staff will look at the feasibility of these two revenue generating approaches and review other cities' efforts to support economic development outside of redevelopment or general fund support.

3. Improved Business Customer Service and Organizational Efficiency

In a separate report (Legistar No. 07-1777), staff has requested Council's approval of a contract with Third Wave Consulting to set up Salesforce.com's web-based CRM system for the purpose of systematically tracking and reporting Economic Development staff's activities, projects, contacts and deliverables.

4. On-call Sector Expertise

To develop business opportunities in high growth sectors, staff will need the support of experts in the areas of:

- Health Care/Life Sciences
- Digital Media
- Green Technology and Energy
- Specialty Food Production

In the future, experts in trade and logistics, arts, major retailer recruitment or international trade are other possible needs.

5. Focused Business Retention Services

A Request for Proposals (RFP) process is underway to identify outside consultants to conduct business retention services, including business survey tools and analysis, technical and financial resource consultation, and more robust one-on-one assistance.

6. Prioritization of key strategies, further described in Attachment B:

- Citywide and Upper Broadway Retail Strategies
- Business district programs—industrial and community benefit districts
- Improving business support services, such as operating Business Access Center
- International Trade and Foreign Direct Investment Initiative
- Marketing of development opportunities, such as Transit Oriented Development (TOD), redevelopment areas, infill opportunities

SUSTAINABLE OPPORTUNITIES

Economic: This report presents Oakland's Economic Development Operational Framework, requests direction on how to strategically focus and coordinate the efforts of staff and the City's many partners, and recommends consideration for new incentives and tools to create and support a robust economy.

Environmental: Enhancing and growing green business in Oakland is one of the key principles of the Economic Development Operational Framework.

Social Equity: Creating sustainable jobs and business opportunities for Oakland residents is a guiding principle to Economic Development.

DISABILITY AND SENIOR CITIZEN ACCESS

There are no ADA or senior citizen access issues in this report.

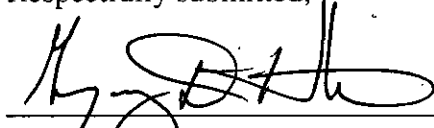
RECOMMENDATION(S) AND RATIONALE

Staff recommends that the City Council analyze and comment on the operational framework described in this report and attachments and provide input regarding a strategic action plan to promote Oakland's economic development.

ACTION REQUESTED OF THE CITY COUNCIL

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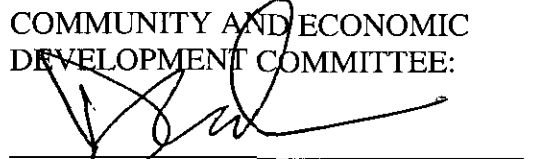
Respectfully submitted,



Gregory Hunter, Deputy Director
Economic Development & Redevelopment

Prepared by:
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Keira Williams, Urban Economic Analyst
Deborah Acosta, Urban Economic Analyst

FORWARDED TO THE
COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE:


Office of the City/Agency Administrator

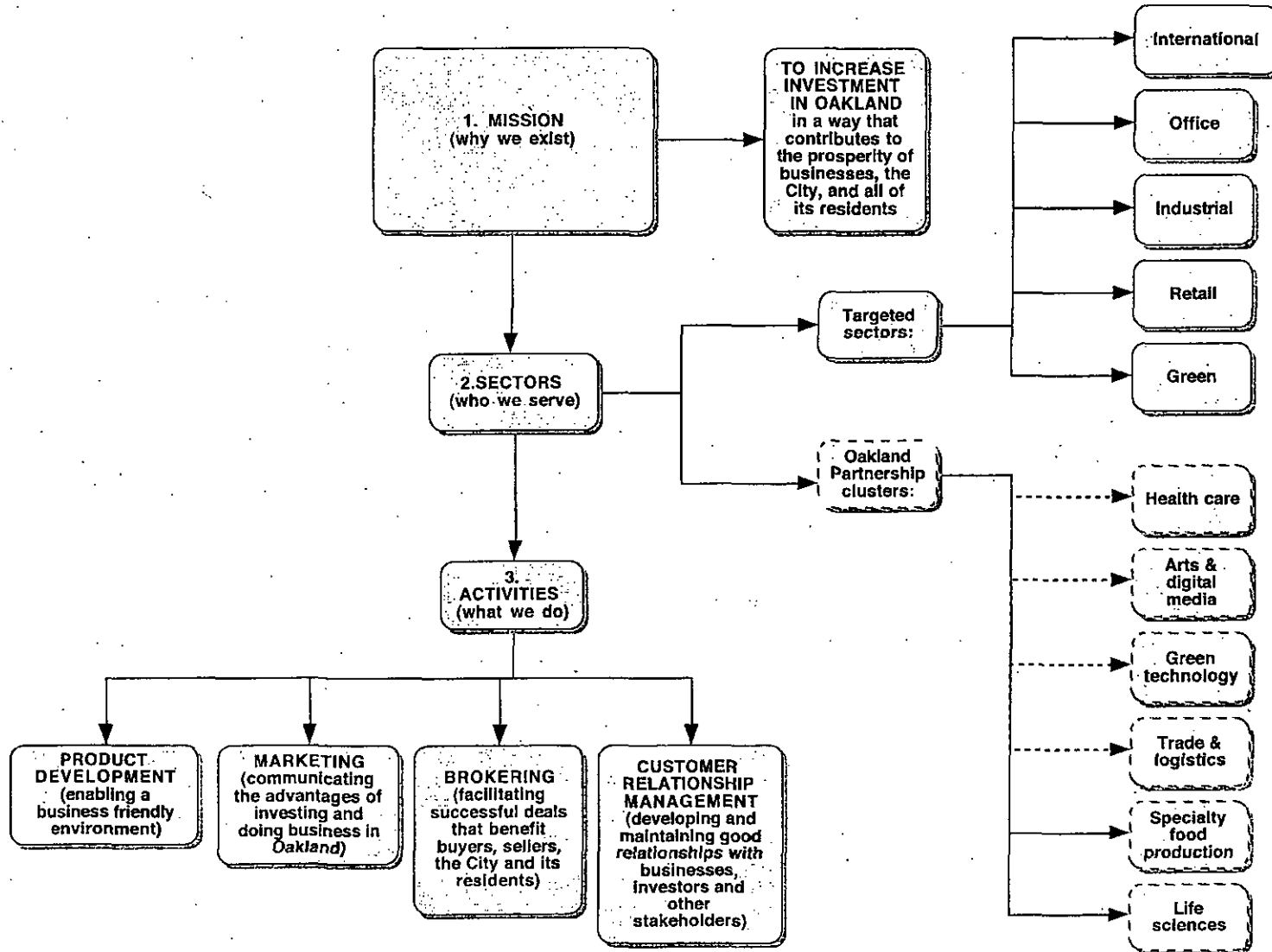
Attachment A: Economic Development Diagram
Attachment B: Economic Development Operational Framework, November 2008

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Economic Development Diagram

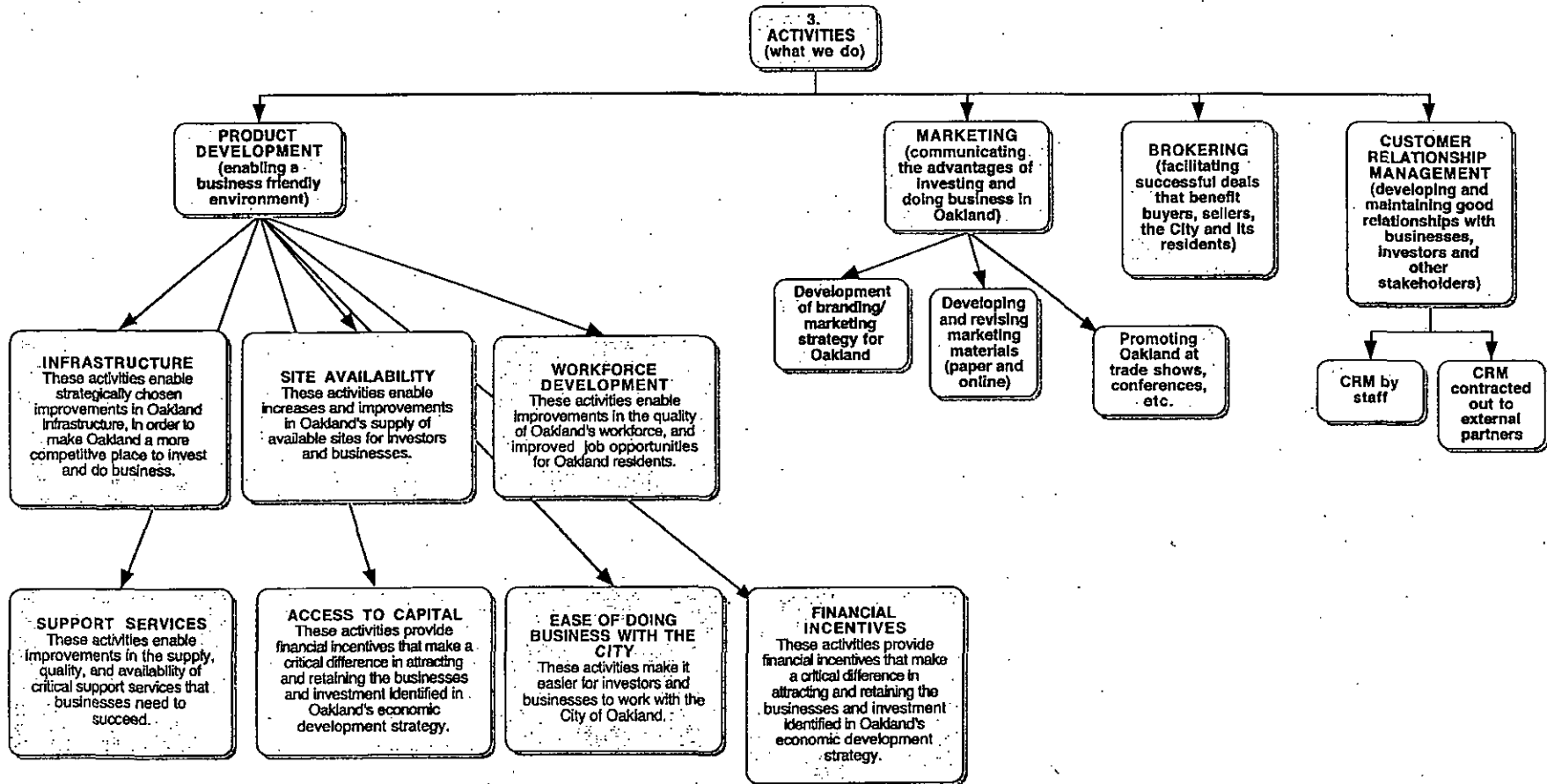
ECONOMIC DEVELOPMENT -
CEDA,
CITY OF OAKLAND

Attachment A--1



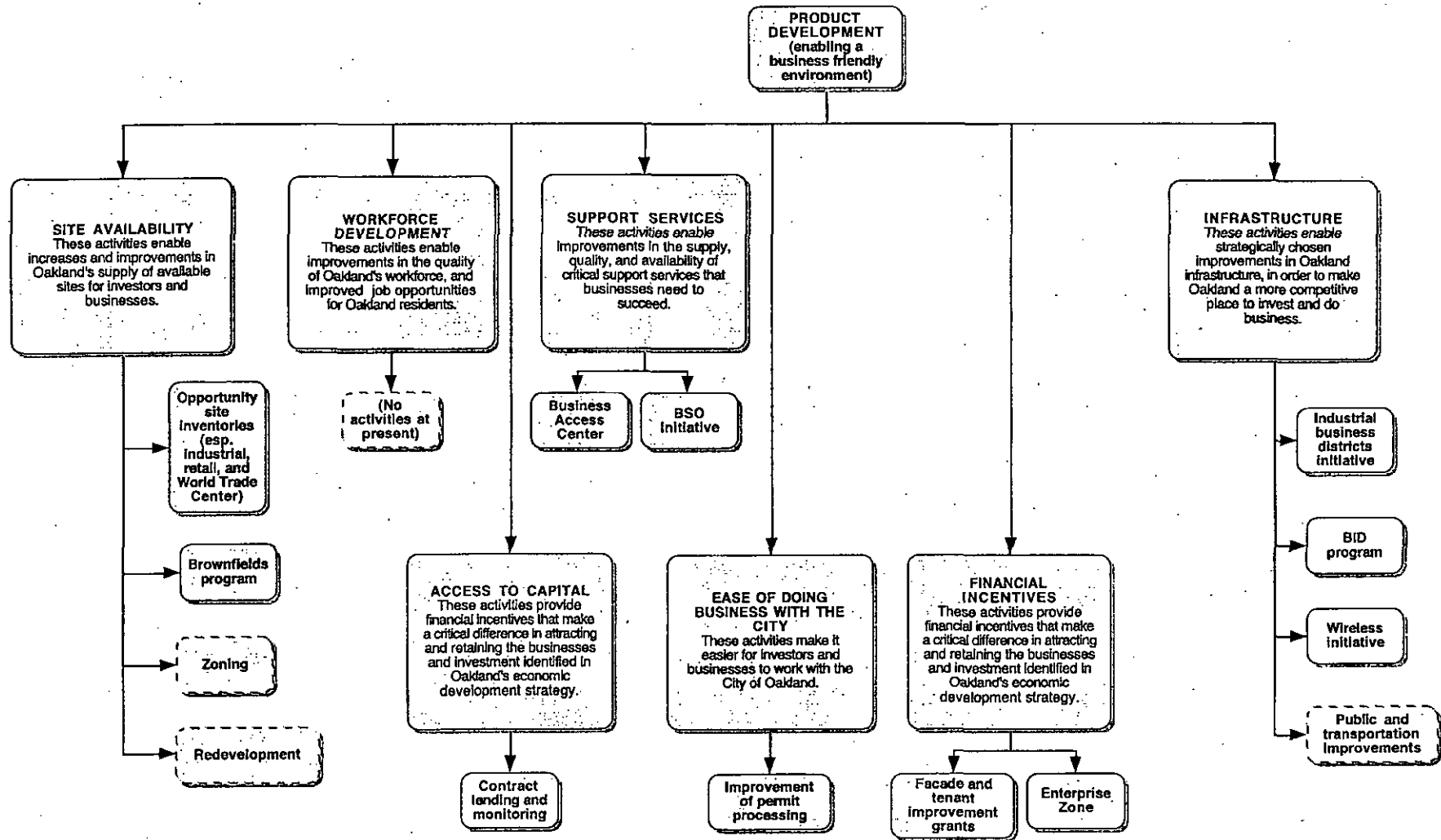
Economic Development Diagram

Attachment A-2



Economic Development Diagram

Attachment A--3



City of Oakland

CEDA

**Economic Development
Operational Framework**

DRAFT VERSION
November 2008

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Oakland Street/Harrison Avenue Corridor Community Based Transportation Plan
Project Schedule

Task A: Project Initiation		October 2008
Oct. 22	1 Project Kick-off Meeting	
Oct. 13 - 24	2 Outreach Strategy	
Oct. 13 - 31	3 Data Collection and Review	
Oct. 13 - Nov. 7	4 Base Map Preparation	
Task B: Existing Conditions Analysis		October - January 2009
Oct. 27 - Nov. 21	1 Existing Urban Design Conditions/Site Assessment	
Oct. 27 - Nov. 21	2 Existing Traffic Conditions Research	
Nov. 26	<i>Transportation Analysis Memorandum</i>	
Oct. 27 - Dec. 19	3 CalTrans Structural Analysis	
Dec. 19	<i>Caltrans Structural Analysis Memorandum</i>	
Nov. 11 & 18th	4 Stakeholder Interviews	
Dec 1-12	TAC/ CSC Formation & Invitation	
Jan. 12 (Week of)	5 TAC/CSC Meeting #1	
Jan. 21 or 22	6 Community Workshop One: Issues and Opportunities	
Jan. 30	7 Existing Conditions/Opportunities & Constraints Memo	
Dec. 8-19	Task C: Cumulative Traffic Analysis	December - January 2009
Jan 30	<i>Cumulative Traffic Conditions Analysis Memorandum</i>	
Task D: Conceptual Alternatives Development		February- April 2009
Jan. 26-Feb 6	1 Conceptual Alternatives Preparation	
Feb 9-20	2 Alternatives Traffic Analysis	
February 20	<i>Alternatives Transportation Analysis Recommendations</i>	
Feb 27	<i>Submit Alternatives and Analysis to TAC</i>	
March 2-11		
March 11 (Week of)	3 TAC/CSC Meeting # 2	2 week Review Period
March 11-20		1 week Comment Period
March 30 (Week of)	4 Community Workshop Two: Conceptual Alternatives	
April 6	5 Workshop Summary Memorandum	
Task E: Preferred Concepts Refinement and Review		April - June 2009
April 6-17	1 Preferred Conceptual Design	
April 20- May 1	<i>Preferred Conceptual Design Traffic Analysis</i>	
April 13-May 1	2 Construction Cost Estimates	
4-May	<i>Submit Preferred Alternative and Analysis to TAC</i>	
May 4-15		
May 18 (Week of)	3 TAC/CSC Meeting #3	2 week Review Period
May 20-27		1 week Review Period
May 20-June 5	<i>Incorporation of Comments</i>	
June 8 (week of)	4 Community Workshop Three: Preferred Concepts	
June 15	5 Workshop Summary Memorandum	
Task F: Plan Preparation, Review and Adoption		June- September 2009
June 15-26	1 Plan Development	
June 26	2 Administrative Draft Plan	
June 29 - July 10		2 week Review Period
July 13 - July 31	3 Draft Plan	
July 31	<i>Submit Draft Plan to TAC/CSC</i>	
Aug 3 - Aug 14		2 week Review Period
Aug 19	4 TAC/CSC Meeting #4	
Aug 20 - Aug 26		
Aug 27 - Sept. 4	<i>Incorporation of Comments</i>	1 week Comment Period
Sept. 9th	5 Community Workshop Four: Draft Plan Review	
Sept 10 - 25	6 Final Draft Plan	
Sept. 25th	<i>Submit Final Draft Plan to TAC/CSC</i>	
Sept. 30th	7 TAC/CSC Meeting #5: Plan Adoption	

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Produced by the CEDA Economic Development Division, 510 238 3627

CEDA Economic Development and Redevelopment and other staff are currently working on the following initiatives to further economic development in Oakland.

I. MISSION

To increase investment in Oakland in a way that contributes to the prosperity of businesses, the City, and all of its residents.

II. SECTORS

Who we serve.

Oakland's economic development efforts provide essential support and resources for all businesses from start-ups to large corporations through ongoing creation, attraction, expansion and retention services. For much of this work, staff is organized along industry sector lines.

A. TARGETED SECTORS

1. Green

CEDA Economic Development (ED) green sector staff works with businesses which incorporate recycled feedstock into production and which produce alternative energy and other green products and services. In addition to working with individual businesses on startup, retention, expansion and recruitment, staff also assists with special projects, such as tracking diesel impact reduction activities at the Port of Oakland, deconstruction of buildings at the Oakland Army Base, and activities of the East Bay Green Corridor Partnership.

2. Industrial

In addition to working with individual industrial, manufacturing, wholesale and distribution businesses on startup, retention, expansion and recruitment, CEDA industrial staff conducts a number of sector projects such as developing an Industrial Sector Strategy; marketing the City's Brownfield loan program; producing marketing profiles, newsletters, a business directory and associated website for West Oakland; creating the Oakland Food Trail to celebrate niche food and wine production in Oakland; and presenting Oakland's industrial land policy and business support efforts at the 2008 American Planning Association conference.

3. Office

In addition to working with individual office businesses and corporate headquarters on startup, retention, expansion and recruitment, CEDA ED office sector staff worked with the development/investment community to attract the CIM Group's \$66 million investment into downtown Oakland with its purchase of the downtown Oakland Marriott & Courtyard Hotels; directly worked with SKS Investments to attract its interest in Oakland's downtown, resulting in an initial investment of \$40 million in the acquisition of two properties and plans to build a \$300 million Class A, LEED Gold office tower at 1100 Broadway; is coordinating efforts to refurbish the Scotlan Convention Center, leveraging CIM Group's investment; working with the Oakland Metropolitan Chamber to develop new tax abatement incentives; and working to establish Oakland as a preeminent international trade-friendly city.

4. Retail

In addition to working with individual retail, restaurant and arts businesses on startup, retention, expansion and recruitment, CEDA retail sector staff recently managed a year-plus process resulting in the Oakland Citywide Retail Enhancement Strategy, which offers recommendations for maximizing needed retail, including how to grow convenience and comparison goods retail in neighborhood commercial districts, and where and how to site a much-needed comparison goods shopping place; participated in the selection of the Upper Broadway Specific Plan consultant and supported CEDA's efforts to secure MTC funding for the specific plan; and have continued to reach out to and respond to retail developers; manage the City's participation in an average of six International Council of Shopping Centers (ICSC) trade shows and events per year—with an annual average of 140 interactions and meetings at these events; and coordinate creating and maintenance of marketing collateral and website content.

Related retail activities include the development and administration of nine Community Benefit Districts; the Downtown Oakland and Lake Merritt/Uptown Community Benefit Districts were recently formed and will add approximately \$2m in new investment in the downtown. Three commercial districts are currently considering the establishment of a community benefit district.

B. OAKLAND PARTNERSHIP CLUSTERS

1. Healthcare

- 2. Arts and digital media**
- 3. Green technology**
- 4. Trade and logistics**
- 5. Specialty food production**
- 6. Life sciences**

The Oakland Partnership is a public/private collaboration spearheaded by Mayor Dellums. The Partnership continues to work in supporting the development of these emerging industries for Oakland. More information can be found at: www.oaklandpartnership.com

III. ACTIVITIES

What we do.

A. PRODUCT DEVELOPMENT

Enable a business-friendly environment.

1. INFRASTRUCTURE

Enabling strategically chosen improvements in Oakland infrastructure, in order to make Oakland a more competitive place to invest and do business.

a. Industrial business districts initiative

Background/Description

Funded by a \$200,000 grant from the U.S. Department of Commerce, Economic Development Administration (EDA), Oakland has completed an Industrial District Strategy to grow and enhance areas of the City identified and zoned for industrial development. Industrial lands have been identified as a "scarce resource" as affirmed by Mayor Dellums in his May 2008 Economic Development Summit. Industrial land must be protected and its infrastructure enhanced to provide the opportunities for Living Wage jobs now and in the future. Industrial jobs provide an average wage of \$53,000; nearly double that of service sector jobs. Industrial activities support the other sectors of the economy, providing "back street" services to office, retail and institutional uses including hospitals and schools. The Industrial District Strategy focused on understanding the

infrastructure needs of Oakland's industrial districts, as well as patterns of local business networks and the ways the city can support and market such networks.

Current Actions/Tools

Staff undertook the documentation of the business network by focusing on two industry sectors: the construction material supplier sector and the food production distribution network. Both are two of Oakland's strengths in terms of traditional economic activity, and are growing or have more potential to grow in two arenas: artisan or specialty food production and green building material supply markets. The Coliseum Construction Corridor (CCC) was formed in order to identify the businesses within the Central East Oakland area which involve such trades and commerce. The CCC is chaired by a private business, Westside Alta who has been in Oakland for many years. Westside Alta has led the CCC meetings, with support from the local non profit Oakland Commerce Corporation and from city staff.

Staff also worked to identify the network of food production distribution, supply and service companies in Oakland. Many of these companies are located in areas historically connected to the Port and rail lines. They now use the freeway network that is parallel to Oakland's industrial zones. A communications and marketing map was created—the Oakland Waterfront Food Trail—along with a logo that will eventually be reinforced by future district way-finding signage, especially for those businesses which are located to the water-side of Interstate 880, between the Port of Oakland and the Airport. This Trail is both a promotion of Oakland's own food production, but will encourage local retailers and restaurants to purchase locally from these business producers, wholesalers and suppliers.

In addition to the above, staff undertook the creation of an identity package for the Industrial Districts. Staff created an Oakland Industrial Strategy logo—"Oakland IS." An "Oakland Access" logo was created for Central East Oakland as well as the Waterfront Food Trail Logo and a West Oakland Works business logo for the industrial businesses there. In addition, assistance was provided to circulate a mailing to industrial businesses in West Oakland, encouraging participation in that business networking website, www.westoaklandworks.com.

Needs/Next Steps/Recommendations

Next steps include formation of a capital improvement project budget recommendation for the Industrial Districts and/or a financing plan, e.g., BID program, and creation of a wayfaring signage and banner program, to encourage local business networking and sales.

b. BID and Merchants Associations Program

Background/Description

A key component of a successful economic development program is strong and successful commercial corridors with strong merchant associations. The City of Oakland has approximately 40 merchant associations and nine Business Improvement Districts, also known as Community Benefit Districts (BIDs or CBDs). The City has supported the revitalization of Oakland's commercial districts and small businesses in several ways:

- Contracting with the Oakland Merchant Leadership Forum (OMLF) to serve as a clearinghouse for information on services for small businesses
- Providing technical and funding assistance in targeted corridors located in Redevelopment areas to support façade and tenant improvement programs, streetscapes, and private security services
- Facilitating the formation of BIDs and CBDs
- Promoting Oakland's business districts by supporting key marketing campaigns such as the Shop Oakland and Passport Campaigns

In 1999, the City Council approved the Oakland Property Business Improvement Management District (BIMD) concept which allows the formation of property-based assessment districts to undertake a range of services within affected assessment areas, independent from government, to further the development and economic viability of an area.

The above legislation supplements existing state legislation which also allows for formation of merchant-based BIDs. Resolution No. 75323 (1999) established a City of Oakland BID Assistance Program which awards on a competitive basis technical and limited financial assistance to qualified stakeholder groups interested in pursuing the formation of a BID special assessment district. BIDs (also known as Community Benefit Districts or CBDs) realize cleaner, safer, and more attractive commercial districts which in turn contribute to the economic vitality of affected neighborhoods. Services provided by BIDs include, but are not limited to, enhanced security, beautification, sidewalk cleaning, landscaping, marketing, special events and other economic development activities as more specifically identified in each district's management plan. Management plans are developed by district stakeholders over the course of the BID formation process and are tailored to each district's specific needs.

Once established, BIDs are administered pursuant to written agreements between the City and non-profit corporations comprised of those paying into the

district. Merchant-based assessments are calculated using a combination of business type and gross receipts. Property-based BIDs factor in lot size, building size, linear frontage, and building use to calculate assessments. By law all assessments must be in proportion to the anticipated benefit received by each assessee.

In 2006, the Neighborhood Commercial Revitalization program (NCR) ended and commercial corridor development services, including the Business Improvement District program, were transferred to the Business Services Development Unit. Since then staff has worked to enhance the BID program and align the corridor development efforts with small business support services and the retail sector development activities.

Current Actions/Tools

The Oakland BID Program has proven to be a successful mechanism to support the City's economic development agenda by creating a supportive funding mechanism and by proactively incorporating all the members of a business community into an entity representing the interests of that community. Currently nine BIDs collectively generate approximately \$3.3 million annually in new private investment within the Montclair, Rockridge, Fruitvale, Temescal/Telegraph Avenue, Lakeshore/Lake Park, Koreatown/Northgate, Laurel, Downtown Oakland and Lake Merritt/Uptown neighborhoods. As Oakland increases mixed use development along commercial corridors, residential property owners will also benefit from the enhanced services of a BID. The BID program continues to address requests from qualified stakeholder groups interested in exploring the formation of new BIDs in their neighborhoods.

In 2008, two new BIDs were formed: Downtown Oakland and the Lake Merritt/Uptown Community Benefit Districts. Combined with the seven current BIDs, the now nine districts represent approximately \$3.3 million in additional private and some public investment in Oakland's commercial corridors.

Staff is facilitating the operational development of the Downtown Oakland and Lake Merritt/Uptown CBDs. Activities include: negotiation of the District Management Agreement; coordinating meetings with City agencies such as Oakland Police Department, Public Works, Parks & Recreation, City Plaza Facilities Services to coordinate required City services with the proposed enhanced CBD services such as: private security, sidewalk cleaning, landscaping, additional maintenance, promotion and events efforts in the greater Downtown area.

The City of Oakland has contracted with OMLF to provide information and services to Oakland's merchant associations. OMLF also co-coordinates the Shop Oakland Campaign and recently developed the Oakland Passport Campaign.

The Oakland Retail Enhancement Strategy has identified 54 retail nodes, most of which are existing commercial districts. Staff has worked with OMLF, BIDs and local merchant groups during the formation of the strategy.

Needs/Next Steps/Recommendations

Staff is aware of four commercial corridors interested in exploring the feasibility of forming Community Benefit Districts. It is expected that one to two CBDs may form in 2008-2009.

Additional resources are needed for merchant assistance and merchant organizing initiatives to support operations and organizational development of new merchant groups, some of which may eventually qualify for BID formation assistance.

Staff is working on several program development activities to enhance the existing support of merchant associations. Key activities include:

- Continuation of a professional services contract with OMLF for the remainder of FY 2008-09. Key activities are the 2008 Shop Oakland Campaign, monthly merchant forums and merchant support services.
- That the City enter into a professional services contract with the Local Initiatives Support Corporation (LISC) to partner with OMLF to provide merchant associations and BIDs a training program covering association leadership, commercial district marketing, retail recruitment, market analysis, management skills.
- Continuation of the Merchant Association Assistance Grant Program (MAAP). MAAP is a small grant program which was available to merchant associations in the past several years to assist with event organizing, business district directories, banners and newsletter. In 2007, 14 merchant associations and BIDs received small grants to support district activities.
- Facilitating the formation of the Oakland BID/CBD Managers Council, to coordinate city services and issues.
- Working with the CBDs to address a number of city policies and regulations that may require revisions to better facilitate these public/private partnerships.

c. Wireless initiative

Background/Description

In June 2007, the City contracted for professional services for a thorough wireless broadband assessment process. This ongoing assessment focuses on the expressed needs of citizens, businesses, and local government agencies and departments, taking into account the particular and present circumstances of the various neighborhoods, economic and social interests, and access to government services and public information.

The assessment is also examining the resources available to the City of Oakland which will aid the deployment of a wireless broadband system. It will suggest how to best leverage City assets, marshal resources and partners, build consensus in the community, determine the citizens' readiness to effectively use the technology, and identify the technological and financial challenges.

Current Actions/Tools

It is estimated that by mid-November 2008 a sustainable business model will be presented by the consultant to staff. This model will propose a technical framework for implementing a wireless system in Oakland. This framework will consider feedback from City staff and community focus groups, the lessons learned from other municipal efforts to implement citywide wireless networks, the financial requirements considering the current economic climate, and the technical needs for such a system in Oakland. These requirements will be included in the presentation to staff for preparation of a Request for Proposal.

Needs/Next Steps/Recommendations

By mid-November, the consultant will present to staff recommendations based on an asset survey, stakeholder surveys and meetings, and best practices research. The next step will be to issue a request for proposals for implementation.

d. Public and transportation improvements

Background/Description

Most of Oakland's public infrastructure systems are older and in need of major repairs. Often Oakland's antiquated systems do not meet the requirements of today's emerging industries such as biotech, life sciences, green industries and specialty food processing. Coupled with a less than optimal Class A building inventory and few large development sites, Oakland's competitiveness is limited. Additionally while Oakland is supported by a sound regional transportation network, its roadway systems are in need of improved routine maintenance and

in many cases, major repair of its freeways and critical truck routes due to impacts from Port truck traffic. We have several large scale economic development opportunities that require major public and private infrastructure investments—the redevelopment of the former Oakland Army Base property, the Naval Medical Center Oakland, redevelopment of Oakland’s waterfront/estuary areas, five major Transportation Oriented Developments (TODs)—Fruitvale, Coliseum, Broadway/MacArthur/San Pablo, West Oakland and Lake Merritt BART Stations and the revitalization of Oakland’s existing industrial areas.

Due to the high construction cost associated with these types of projects, the City and Agency will need to solicit financial resources from regional, state and federal agencies; utilize financing mechanisms including community facilities districts, owner participation agreements, tax increment financing, and enhance efforts to work with public/private partnerships to finance projects. It is imperative that public infrastructure and transportation systems incorporate design policies and standards that promote smart growth, community identity, sustainability and vehicular and pedestrian access in support of Oakland’s economic development efforts.

Current Actions/Tools

Staff is underway with efforts to plan for updating or replacing the former Oakland Army Base’s infrastructure. Key activities include: study of the current infrastructure; coordination with the Port regarding its plans to improve infrastructure & facilities; coordination with Caltrans infrastructure plans; development of a Community Facility District, and coordination of Base development in partnership with a soon selected master developer.

In June 2008, eight housing development projects within the City of Oakland were awarded funding under the first round of the California Proposition 1C Infill Infrastructure Grant Program and the Transit Oriented Development (TOD) Grant Program, both administered by the State of California Department of Housing and Community Development. The total funding award for the eight projects totals \$71.5 million. Specific grant awards include:

- MacArthur Transit Village Project
- Central Business District/Uptown Project
- Tassafaronga Village
- 6th and Oak Senior Homes
- Saint Josephs Senior Apartments and Affordable Home Ownership
- Coliseum BART Transit Village

- Lion Creek Crossing Project

The Proposition 1C grant programs were established by the Housing and Emergency Shelter Trust Fund Act of 2006, a State-wide voter approved bond initiative. The primary objective of both the Infill Infrastructure and the TOD programs is to increase the overall supply of infill housing, increase the supply of affordable housing, increase public transit ridership, and minimize automobile trips. The TOD program seeks to accomplish these objectives by providing financial assistance for the development of housing and related infrastructure near public transit stations and along major transit corridors. The Infill program provides financial assistance for infrastructure improvements necessary to facilitate new infill housing development.

The City has also been awarded several grants from the Metropolitan Transportation Commission (MTC) Station Area Planning Program to support the Upper Broadway Retail Specific Plan, Lake Merritt Station Plan, and the Broadway MacArthur Transit Village. Staff is underway with planning actions in each of these major mixed use transit oriented developments.

Staff has completed an infrastructure analysis of the four proposed Industrial Business Districts, funded by EDA; see also Industrial Business Districts Initiative.

Needs/Next Steps/Recommendations

The recently completed Citywide retail analysis will assist the Agency in prioritizing plans for streetscape improvements, road improvements, the need for retail supportive structured parking and infrastructure planning. This will allow the Agency to identify and incorporate major infrastructure projects at key nodes throughout the City into a project prioritization schedule that will assist in guiding grant seeking efforts.

The City has several large scale economic development opportunities that require major public and private infrastructure investments including, but not limited to, the redevelopment of the former Oakland Army Base and the Naval Medical Center Oakland, waterfront/estuary areas and the revitalization of Oakland's existing industrial areas. Because of high construction cost of capital improvements of this nature, City and Agency financial resources will need to be supplemented by regional, state and federal funding, the utilization of bond financing mechanisms to fund projects.

An infrastructure analysis of four selected Industrial Business Districts has been prepared. The Agency and federal funded analysis will guide staff in determining the level of infrastructure improvements needed to support the stability and

growth of Oakland's industrial sector. Staff will need to work with Public Works and other agencies to coordinate improvements as well as apply for funding.

The Green Building Initiative and the Green industry attraction efforts must *address public infrastructure demands*.

Continued coordination with Caltrans regarding the I-880 Freeway realignments and repairs is critical. Oakland businesses located in key industrial areas will be negatively impacted for up to three years.

Recommendations for next steps for infrastructure improvements at the former Oakland Army Base include: greater inter-agency Gateway Area coordination; EBMUD coordination and consensus; Agency-Port Army Base infrastructure coordination; additional incorporation of green and sustainable energy issues into Gateway Area projects; and public-private cooperation (Gateway developer, port, agency, etc.). Coordination with the Port of Oakland must be a priority.

e. International Investment Program/World Trade Center

Background/Description

Economic activity at the Port of Oakland offers the City of Oakland a unique opportunity to leverage the international business activities already taking place within the City. Oakland's efforts to capitalize on international trade opportunities were initiated in 1995 in the bay-area wide Bay Trade initiative. By the year 2000, the Bay Area World Trade Center (BAWTC) emerged as the only sustained trade organization remaining out of this effort. Lack of sustainable funding and active leadership by the City and other business organizations led to the cessation of BAWTC operations in June 2008.

Resurrection of the BAWTC with its connection to 330 WTC's around the world and, ultimately, the development of a physical World Trade Center site remains a real opportunity for Oakland. The goal, as identified in the McKinley Study and the final Oakland Partnership report, is to create a vision of Oakland as an international hub.

This vision was further supported in the report completed March 2008 entitled Economic Impact of a World Trade Center in Oakland that explored the feasibility of locating a World Trade Center in Oakland (Johnson Consulting Inc./Northern Real Estate LLC). The report concluded that Oakland has a unique opportunity to attract foreign direct investment into Oakland. To realize this potential requires:

- Support of an expanding BAWTC to enable its becoming the central hub for international business support organizations in the Bay Area
- Develop and implement an international strategy
- Develop a comprehensive marketing program, both nationally and internationally
- Grow its convention center and hotel capacity

Current Actions/Tools

- ***Oakland Foreign Trade Zone:*** A new Agreement with PACAM/Matson was approved by the City Council in October 2008. Matson Integrated Services purchased PACAM in September 2008; the new Agreement will reflect Matson's new role as Licensor to the City of Oakland's Foreign Trade Zone License. The City will receive an annual \$10,000 license fee from Matson, which will be used to support staff's increased involvement in FTZ activities for the purpose of expansion.
- ***The Bay Area World Trade Center (BAWTC):*** The existing BAWTC license currently lacks any staff or program funding. The City solicited a \$70,000 proposal from Paul Oliva of Oliva Global Communications to temporarily staff the Center, establish management and operational systems, and develop a comprehensive business plan.

Needs/Next Steps/Recommendations

1. ***Develop and adopt an International Business Strategy.*** Tap into existing international business organizations to develop an international business investment strategy for Oakland. This committee should include key representative from the City of Oakland, Port of Oakland, Oakland's ethnic Chambers, Oakland international businesses, the Bay Area Council, the East Bay Economic Development Alliance, and others. The committee would build upon recommendations made in the Oakland Partnership's report Taking Stock of Oakland's Economy.
2. ***Develop an EB5 investment program:*** The goal would be to establish the City of Oakland as Regional Center under the U.S. Dept. of Homeland Security's EB5 program. The purpose of this designation is to attract foreign investment into the targeted area for the purpose of creating jobs. In exchange, the foreign investor is offered a market rate of return on the investment and green cards for the immediate family. Staff is aware that an application to establish Oakland as a Regional Center has been submitted by a private investment group. The status of that application is not known. Oakland should consider developing its own proposal to establish a Regional Center in Oakland.

3. ***Oakland Sister Cities Program:*** Develop an economic business strategy to continue the expansion of Oakland's Sister Cities program. At present, the program offers very limited cultural activities. Most of the Sister City relationships are dormant. Recently staff has worked to create a Oakland Sister City Newsletter, whose first issue will be published in January 2009 and will begin bi-annual correspondence with Oakland's 9 Sister Cities and 13 Friendship Cities.

f. Oakland Retail Enhancement Strategy

Background/Description

Citing the need to better apply limited resources to the City's vast retail needs, Oakland hired a consultant team to investigate the City's retail challenges and opportunities. As authorized by City Council, staff contracted with Conley Consulting Group to assist in the development of a citywide retail enhancement strategy. Following up on earlier citywide and Upper Broadway deliverables, the Consultant has now completed analysis and recommendations on the other 53 existing retail nodes located throughout Oakland. Staff worked closely with the Conley team during the contract, providing information and insights, guiding the direction of the work, making introductions, scheduling meetings with staff and officials, reviewing work products, etc.

Oaklanders' desire for a hearty mixture of national, regional and locally owned retailers has shaped the consulting team's work and set the stage for a set of comprehensive recommendations to address Oakland's dramatic loss of potential retail sales to other communities (*leakage*), its relative lack of large retail opportunity sites, and its vast number of (underutilized) existing shopping nodes.

In order to make sense of an enormous amount of information related to existing conditions, the Consultant analyzed Oakland's spending habits, existing retail activity, potential for growth, and retail development case studies. The team identified 53 retail nodes, which have the potential to succeed as thriving retail districts, and prepared in-depth analysis and implementation strategies for five of the nodes. These five nodes can serve as strategic models for redeveloping or enhancing the other retail nodes.

Current Actions/Tools

The purpose of the *Retail Enhancement Strategy* is to build upon and extend successes to date within a strategic implementation framework to leverage scarce land, fiscal, and staff resources. It is a central conclusion of the *Strategy* that no single action will reverse the City's long term retail performance trend. In order to recapture the demand of its residents, employees and visitors, Oakland

must have a full array of retail and must improve the function of retail in every part of the city. Retail enhancement will require a multi-pronged implementation strategy, as summarized below and as further described in the following sections of this report. The components of the *Strategy* are as follows:

- Improve the City's retail tenant mix
 - Develop a major comparison goods retail center in the Upper Broadway Area.
 - Attract grocery stores to underserved neighborhoods in Oakland.
 - Designate appropriate and adequate numbers of suitable sites for large format comparison goods stores.
- Encourage sustainable development of locally owned stores.
- Support and strengthen existing retail.
- Develop strong neighborhoods where retail can thrive.
- Make retail enhancement a central focus of City government.

Staff will present an Retail Enhancement Strategy Implementation Plan in December 2008. The Implementation Plan takes into account the Conley report recommendations as well as the City budgetary constraints.

Needs/Next Steps/Recommendations

Staff worked over the summer to structure an implementation plan focusing on the five opportunity nodes. Node efforts will include:

- Recruit an Urban Economic Analyst IV to lead the efforts, including significantly more proactive retailer recruitment.
- Relationship-building with node business and property owners.
- Identification of node's key opportunity sites: both space to lease and land to develop.
- Work with Redevelopment staff to integrate Strategy recommendations with Project Area work plans.
- Development of a node retail action plan, which includes brainstorming optimal retailers based on psychographic and survey information, zoning information, recommendations of key parcels for Redevelopment Agency to acquire, where possible.
- Identification of possible new or enhanced parking locations.
- Identification of possible new or enhanced directional and parking signage.
- Marketing of node opportunity sites to locally-owned and chain retailers

and retail real estate developers.

- Work on clean and safe initiatives where appropriate.
- Work with partners such as Local Initiatives Support Corporation (LISC), Oakland Merchants Leadership Forum (OMLF), OBDC Small Business Finance, Neighborhood Crime Prevention Councils (NCPCs), Oakland Police Department (OPD) and the Oakland Business Service Organizations network.
- Schedule individual meetings with Council Members at least two times per year to discuss citywide and district retail activities.

At the same time, staff will continue to assist property owners and brokers of key vacancies in Redevelopment and non-Redevelopment areas, and will continue to offer the one-on-one problem-solving services staff has been providing since 2001.

g. Scotlan Convention Center

The City has a ground lease with CIM for the Marriott Hotel ("Ground Lease"). In August 2006, CIM purchased from Oakland Renaissance Associates ("ORA") both the interest in the Ground Lease, and interest in Integrated Services Corporation ("ISC"). ISC is the entity that manages the operation of the Convention Center and associated parking garage on behalf of the City.

CIM has prepared a \$30 million renovation plan for the Marriott that will bring the hotel up to Class A standards. CIM has stated that because the Marriott and the Center are interconnected properties, the buildings appear to be one large facility to guests and conventioners. It is CIM's opinion, to which staff concurs, that the Center is an underperforming asset due to its poor physical condition and its size, which at 48,000 square feet is "too small to host regional conventions."

In June 2008, staff presented a Closed Session Report to the City Council regarding an unsolicited request by the CIM Group Inc. to purchase the Scotlan Convention Center. Two issues complicate this request: (1) the Center provides collateral for an existing \$1.35 million Lease Revenue Refunding Bond, and (2) the City's agreement to transfer ownership of the Warrior's practice facility (located on the roof of the Center) to the Warrior's ownership.

Since then, CIM has submitted to the City a range of cost estimates for recommended improvements to the Center as recommended by their consultant,

up to a maximum of \$12 million. At present, the Central District Redevelopment Area has minimal capacity to fund the needed improvement. With the recent budget revisions and current commitments for the area, there is approximately \$2.0 - \$3.0 million available over the next budget term. The proposed improvements to the facility would require cost of approximately \$12.0 million. Staff continues to meet with representatives of the CIM Group, Inc., to explore other funding options, including execution of a long-term lease agreement with the CIM Group to expand the Company's investment options.

Current Actions/Tools

Since CIM's acquisition of the Marriott and ISC in August 2007, there have been significant operational and financial improvements resulting from improved management and marketing. Improvements over the past year have included upgrading of the Garage Parking Management System; addition of wi-fi capability to the main Convention Center; development of a new web site; plants for the interior; and a new scrubber/sweeper. The \$53,659 price tag for these improvements has been paid out of the Center's capital fund.

The City's General Fund budget includes \$720,000 for the 2008-09 fiscal year. Actual operating costs are projected to total \$805,000. Any deficit will be deducted from the Center's \$200,000 operating reserve.

Needs/Next Steps/Recommendations

At present, the Central District Redevelopment Area has minimal or no capacity to fund the needed improvements. Staff continues to meet with representatives of the CIM Group, Inc., to explore other funding options, including execution of a long-term lease agreement with the CIM Group to expand the company's investment options.

The City should develop a long-term Conference Center and Hotel strategy as befits an urban city like Oakland with aspirations of becoming an international trade hub. In the short term, remodeling of the Scotlan is recommended to ensure maximum attraction of conference and hotel activity into the Downtown.

2. SITE AVAILABILITY

Enabling increases and improvements in Oakland's supply of available sites for investors and businesses.

a. Opportunity site inventories

Background/Description

The Oakland Partnership Initiative recommended that the City of Oakland *strategically build on the City's historical as well as emerging strengths by:* strengthening and expanding its key sectors and better leverage the City's central location and business opportunities to grow new economic activities in life science, green industry; arts, design, & digital media and specialty food manufacturing. These emerging industries can provide new business and employment opportunities for Oakland residents.

Redevelopment, Planning and Economic Development created a database and GIS map of the opportunity sites for the Mayor's Economic Summit. Many of the opportunities identified in the work of the Oakland Partnership and the real estate requirements of today's market demonstrate the need to strategically position Oakland. Ideally the City should identify and market key real estate sites suitable for a variety of commercial and industrial uses.

Investment and new development and reuse opportunities for job creation uses are part of these current each of the investment and opportunity areas:

- Former Oakland Army Base
- Upper Mandela Parkway
- Woodland/81st Avenue
- Upper Broadway
- Airport Business Park
- 98th Avenue/San Leandro
- Jack London North
- Embarcadero Cove
- Laurel District
- Oak Knoll
- Melrose/Coliseum
- I-880 Regional Commercial Corridor

Current Actions/Tools

Economic Development and Redevelopment staff subscribe to two powerful real estate tools: CoStar and LoopNet, both of which are Web-based. On Co-Star virtually all commercial parcels are inventoried as well as sites available for lease and sale; attractive reports, including maps, demographics and detailed property information can be included. LoopNet features properties available for lease and sale and also produces attractive reports. Economic Development also has a contract with Urban Explorer, which produces and maintains www.OaklandExplorer.com, which features an inventory of commercial properties in Oakland's Redevelopment Areas, aerials, and drive-by movies of the properties. The City of Oakland Map Room offers parcel maps and aerials together.

As needed, staff run customized opportunity site lists, for instance, for industrial space between 5,000 and 15,000 square feet, and send clients the electronic file,

which includes an aerial, a map and detailed property information including the name of the broker representing the sale or lease.

The Strategic Planning Division is underway with two Specific Plan efforts: Upper Broadway and the Estuary Area Specific Plans. These processes will assist the Agency and City in marketing and redeveloping these key opportunities.

Needs/Next Steps/Recommendations

Some ideas identified thus far include:

- Need to prepare full development concept packages for each of the opportunity areas
- Support Specific Plan efforts
- Maintain and update Opportunity Site Inventories, including active projects
- Improved relationships with other property-owning agencies such as Caltrans, EBMUD, PG&E, etc.

b. Brownfield program

Background/Description

The CEDA Brownfield Loans & Grants program has a number of loan and grant programs which provide excellent financing tools for environmental assessment and remediation. These low-interest loans are especially beneficial for developers in these times of tight credit markets.

Current Actions/Tools

The City's CALReUSE Assessment Loan program currently has \$450,000 in active loans and another \$925,000 available for new loan applications. For the cleanup of contaminated sites which have already gone through the assessment process, the City's Brownfield Cleanup Revolving Loan Fund (BCRLF), which is funded through the U.S. EPA, has two active loans totaling \$350,000, has approved a \$120,000 grant to a non-for-profit, and has another \$500,000 available for new loans and grants for Brownfield remediation.

Needs/Next Steps/Recommendations

In addition to these loan programs, staff has forwarded to the state recommendations for approval of two new CALReUSE Remediation program loans, totaling just over \$500,000. If approved by the state, these two CALReUSE Remediation Loans would advance the development of over 150 units of new infill- housing in Oakland.

c. Zoning

Background/Description

Until recently, Oakland had not comprehensively revised its zoning since 1965. The existing regulations are cumbersome, confusing and outdated. Additionally, Oakland's zoning is not entirely consistent with the City's General Plan, completed in 1998. Bringing the zoning into alignment with long-range plans is a top priority of the Mayor and City Council. It is an important step toward revitalizing our economy, protecting our neighborhoods, and creating job and housing opportunities for Oakland residents.

Current Actions/Tools

The industrial zoning map and regulations were revised and adopted by the City Council on June 17, 2008. This action established clearer and more updated zoning rules and districts for various types of industrial uses throughout Oakland. The update of residential and commercial, occurring concurrently, began in September 2008. Staff expects to bring drafts of the revised residential and commercial regulations to Planning Commission in Summer 2009. Further related updates are anticipated to occur in 2010, including updates to the Sign Ordinance.

Needs/Next Steps/Recommendations

According to staff, the Oakland Planning & Zoning division is somewhat understaffed per capita compared to other cities. Strategic Planning (SP) staff would like to continue to work more closely with Economic Development staff given their symbiotic relationship to the land, businesses, brokers, and developers; SP staff have sought out ED staff's input on the zoning update.

d. Redevelopment

Background/Description

The City of Oakland has established redevelopment powers in several areas within Oakland. The purpose of these redevelopment areas is to fund new projects that will create a healthier environment for businesses and residents. The CEDA Redevelopment Division is responsible for these redevelopment areas and works with developers, local businesses, and residents to build new housing, retail, office, parks, streets, and streetscape improvements.

In order for a redevelopment program to be successful, there must be a continuing dialogue with the public. Without citizen input, ideas, and support, any redevelopment plan will falter. Citizens have a role in creating revitalized areas. A Project Area Committee (PAC) is a committee of citizens which meets

to discuss current and planned projects within the redevelopment area, and to provide input to the Redevelopment Agency Board. PAC members are elected representatives and they must either live, own property, or own a business within the redevelopment area.

Community Redevelopment Law sets forth specific criteria regarding PACs and their purpose. It also stipulates when formation of a PAC is required and how the PAC membership is determined. The role of the PAC during the plan adoption process is to make a report and recommendation to the Council on the plan prior to adoption. After the plan is adopted, the PAC serves as an advisory body to the Agency concerning policy matters affecting the residents and businesses of the redevelopment project area. The Agency must continue to consult with the PAC for at least three years after the Plan is adopted, subject to one-year extensions thereafter by the City Council.

All ten redevelopment project areas within Oakland have a Five Year Implementation Plan, which is a planning document mandated by Redevelopment law. The Five Year Implementation Plan developed for each Redevelopment Project Area goes through a public process to gain the input of the community and serves as a tool to implement redevelopment actions. The key advisory boards that head this planning process, for the Redevelopment Project Areas that comprise of a majority of residential land use, are the Project Area Committees.

Currently, there are three active PACs that serve as an advisory body to Council: West Oakland, Central City East, and Broadway/ MacArthur/San Pablo. The PACs provide a means for private citizens to advise the Redevelopment Agency on matters related to redevelopment such as the elimination of blight, improvement to the physical and economic environment, and addressing the affordable housing goals within the community. This can be done through the recommendation of capital improvement projects and programmatic matters which affect the residents and business of the Project Area. The PACs are made up of business owners, residential tenants, residential owners, and community organizations. The members of the PAC represent the groups with which they are affiliated. Implementation plans of the PACs call for a number of redevelopment activities:

Broadway/MacArthur/San Pablo

- Site acquisition for development projects
- Infrastructure and streetscape projects
- Public facilities
- Small neighborhood projects (NPI)

Façade and tenant improvement grants

West Oakland Implementation Plan

Retail/commercial recruitment programs
Site acquisition for mixed-use development projects including the West Oakland Transit Village
Infrastructure and streetscape projects
Public facilities
Housing/Seismic and historic preservation programs

Central City East Implementation Plan

Retail/commercial recruitment programs
Façade and tenant improvement grants
Historic preservation
Project planning
Infrastructure improvements and community facilities
Land assembly and relocation
Public/Private development
Commercial security/Crime prevention

Current Actions/Tools

Currently the PAC for Broadway/MacArthur/San Pablo is largely focused on the development of the MacArthur BART Station Transit Oriented Development project. The West Oakland Project Area Committee (WOPAC) is working on its Five Year Implementation Plan, while the Central City East PAC is developing a Strategic Vision that will encompass its Five Year Implementation Plan, which was completed in July 2008.

Needs/Next Steps/Recommendations

Staff will work closely to keep the PACs informed and up to date on ED progress and projects as a way to gather firsthand information on the needs and desires of each PAC's business community, and work with the PACs to identify retail investment opportunities.

3. WORKFORCE DEVELOPMENT

Enabling improvements in the quality of Oakland's workforce, and improved job opportunities for Oakland residents.

Background/Description

The goal of Workforce Development is to support and coordinate services and partnerships among public and private stakeholders that educate and train

Oakland residents to improve the quality of the City's workforce and opportunities for real living wage jobs. The Workforce Development unit is also responsible for evaluating and reporting on the performance of all City-funded job training programs.

The City receives approximately \$6 million per year from the U.S. Department of Labor through the state Employment Development Department, mostly by way of formula grant allocations. More than \$5 million goes to the Oakland Private Industry Council, Inc. for administrative support and comprehensive One Stop Career Center operations, as well as for sub-contracts for direct services for youth and other One Stop Career Center services. Workforce development, however, as articulated in the Workforce Investment Act, is intended to bring to the table the resources and expertise of business, labor, education, community based organizations, and public agencies to promote economic development and self-sufficiency.

Current Actions/Tools

The City is currently in the process of filling vacancies for the Workforce Development Manager/Oakland Workforce Investment Board (WIB) Executive Director and Program Analyst II positions. The Administrative Assistant vacancy will be filled through the transfer/re-hire list. In the meantime, the Office of the Mayor directed the 2008 Mayor's Summer Jobs Program and the implementation of the Oakland Green Jobs Corps, which was recently launched.

Needs/Next Steps/Recommendations

As federal, state and local funding has diminished over the years, the City has had to cut back significantly on its staffing for workforce development within CEDA, which is now down to three full-time equivalent employees. In order to maximize funds for direct services and to improve coordination and leveraging opportunities with public and private partners, the City should examine and implement ways to fulfill its administrative obligations, staff the WIB and re-establish workforce development as an integral component of the City's Economic Development toolkit.

4. ACCESS TO CAPITAL

Providing financial incentives that make a critical difference in attracting and retaining the businesses and investment identified in Oakland's economic development strategy.

a. Commercial lending and loan monitoring

Background/Description

Currently the City of Oakland has a number of loan programs available to the business community: U.S. Department of Housing and Urban Development Enhanced Enterprise Community (EEC) Section 108/Economic Development Initiative (EDI), Coliseum Revolving Loan Fund, Broadway Corridor Revolving Loan Fund, Economic Development Administration (EDA) Loan Fund, Neighborhood Economic Development Fund (NEDF), and the Micro Loan Fund. These programs have been valuable tools and have assisted hundreds of businesses throughout the City. CEDA's Commercial Lending Unit has a long-standing record of supporting the lending efforts of CEDA, the Redevelopment Agency and small businesses throughout Oakland. The Commercial Lending Unit contracts the marketing, underwriting and loan monitoring responsibilities to OBDC Small Business Finance as the City's direct lending partner.

Current Actions/Tools

The City is aggressively pursuing Oakland's local community development banks to forge new relationships. Community Bank of the Bay, One California Bank and Alta Alliance Bank have a strong desire to partner with the City of Oakland in a way that benefits clients, community development, and small business goals of the City. To date, CEDA and OBDC have made over \$2.24 million in loans to Oakland businesses. Conversations have begun with these banks to develop strategic capital access partnerships. All of these banks have a Social/Economic Development agenda and well as Community Reinvestment Act (CRA) responsibilities with specific goals to reinvest in the communities they serve.

Needs/Next Steps/Recommendations

While the existing loan programs have been valuable tools and have assisted hundreds of businesses throughout the City, staff is looking at different models to better leverage City funds and meet the current economic challenges of the business community. The City of Oakland will explore and expand its efforts in the following areas:

- **Industrial Development Bonds (IDBs)** provide manufacturing and processing companies low-cost, low-interest financing for capital expenditures. Eligible capital expenditures include the acquisition of land, building construction, building renovation and the purchase of machinery and equipment.
- **New Strategic Relationships and Partnerships** with Community Bank of the Bay, One California Bank and Alta Alliance Bank have express interest in partnering with the City.

- **Enterprise Zone (EZ) Tax Credits** are tax credits offered to businesses located in the EZ designated zones that offer the businesses a direct dollar-for-dollar reduction on their individual tax liability.
- **New Markets Tax Credits (NMTC) Program** permits taxpayers to receive a credit against Federal income taxes for making qualified equity investments in designated Community Development Entities (CDEs).
- **Private and Public Grants** will be pursued by the City to supplement commercial loan funds.
- **Community Reinvestment Act (CRA)** is a federal law designed to encourage commercial banks and savings associations to meet the needs of borrowers in all segments of their communities, including low- and moderate-income neighborhoods.
- **Recycling Market Development Zone (RMDZ) and County Recycling Revolving Loan Fund (RLF)** programs both offer below market financing to recycling based businesses, including equipment and working capital. Over \$4 million has been loaned to 17 different companies in Oakland through these green finance programs.

5. SUPPORT SERVICES

Enabling improvements in the supply, quality, and availability of crucial support services that businesses need to succeed.

a. Business Access Center

Background/Description

The idea of a Business Assistance Center (BAC) originated in mid-2006 from the collaboration among the City of Oakland's Economic Development Division, the Oakland Metropolitan Chamber of Commerce and the City of Oakland's Business Services Organizations network. From that collaboration, the Mayor's Small Business Task force adopted the concept and has convened on numerous occasions to discuss the concept and began to develop a program for its implementation. Based on staff's research of similar centers elsewhere and local needs, the BAC is well on its way to becoming a reality.

Current Actions/Tools

The City of Oakland Business Access Center will promote Economic Development opportunities by offering direct business assistance to Oakland-based businesses. Activities will help clients to create quality and sustainable job opportunities by helping to grow small businesses. The tracking of clients will be performed by

Salesforce.com, a Web-based customer relationship management tool. The Center will work with and utilize all the services currently available through the City of Oakland to help grow and sustain businesses in Oakland.

Needs/Next Steps/Recommendations

Staff is proceeding with a request for proposals for an operator to be issued in November/December 2008. Staff anticipates making a decision in January 2009, with operation beginning in March 2009. However, funds have yet to be identified to get the Center up and running.

b. Business Service Organizations initiativeBackground/Description

The initial idea to gather together the Business Service Organizations (BSO) that serve Oakland was initiated from different sources, signifying to all that it was an idea whose time had come. The original mid-2006 collaboration included representatives from the City of Oakland's Business Development Services unit, the Oakland Metropolitan Chamber of Commerce and the City of Oakland's Workforce Investment Board.

This collaboration launched the first Business Service Organizations (BSO) Forum in October 2006. Twenty-eight BSOs, representing both financial and technical business service providers, enthusiastically embraced this collaborative effort by City Staff and the Chamber.

The City's interest in supporting this effort is twofold: job creation for our residents and business growth. BSO leaders knew that Oakland is home to an extensive array of business support organizations that serve Oakland, and that these organizations could be a critical link in developing significant business growth. BSO leaders decided that more information was needed about these organizations: their clientele, their capacity, what they knew about Oakland business needs, and what kind of assistance these BSOs needed from the City to maximize their impact on business development.

The Business Service Organizations (BSO) forums presented an opportunity to better meet the needs of businesses in Oakland in achieving long-term success and economic growth. The purpose was to bring all of the BSOs together to better coordinate resources, to identify gaps in services and create collaborative solutions to fill the gaps.

While this initiative will be ongoing, the specific outcomes of the three initial BSO forums included:

- Identification of almost 50, primarily non-profit BSOs to participate in this partnership.

- Creation of a BSO directory.
- Proposed creation of an ongoing forum to encourage and facilitate partnership and collaboration among the participating organizations.
- Gathering of recommendations for collaboration from BSO leaders and identifying needs for improvements in service delivery.
- Formation of working committees to develop BSO strategies for enhanced service delivery to Oakland businesses, including: (1) BSO Capacity Building Committee; (2) Marketing, Outreach and Partnership Committee; (3) Retail Committee; and (4) Financing and Supporting Growth-Based Businesses Committee.

Current Actions/Tools

Activities associated with the BSO Initiative will commence along with the development of the Business Access Center project

Needs/Next Steps/Recommendations

Currently the goals for the BSO group are networking and keeping BSO partners informed of City programs and actions. As we build a Business Services Support component, assigned staff can continue the development of this initiative.

c. Strategic partnerships

Background/Description

Another element of ED staff's realm is fostering economic development on a regional basis. Oakland's economic development is linked to many important regional economic development initiatives.

Current Actions/Tools

- The ***East Bay Economic Development Alliance*** is a public/private partnership serving the San Francisco East Bay (Alameda and Contra Costa Counties) whose mission is to establish the East Bay as a world-recognized location to grow businesses, attract capital and create quality jobs. Oakland's membership facilitates our communication with economic development professionals across the East Bay, exposes us to potential partnerships and alerts us to best practices.
- The ***East Bay Green Corridor Initiative*** is a partnership initiated by the Mayors of Berkeley, Oakland, Richmond and Emeryville, along with the Chancellor of UC Berkeley and the director of the Lawrence Berkeley National Laboratory. Corridor partners are working together to create the conditions that support green industry; strengthen existing technology transfer programs; promote green workforce development throughout the

region; build a more cohesive regional identity in energy-related green business sectors; base new economic development efforts on a higher proportion of renewable energy; and cooperate in obtaining funding for green research and entrepreneurship.

- ***Focusing Our Vision (FOCUS)*** is a Bay Area-wide effort to promote compact and equitable development. This initiative is led by the Joint Policy Committee (JPC), a regional planning forum that includes the Metropolitan Transportation Commission, the Association of Bay Area Governments, the Bay Area Air Quality Management District, and the Bay Conservation and Development Commission. Through FOCUS, Oakland has received \$400,000 to complete a specific plan for the Broadway Retail Corridor and \$720,000 to complete a specific plan for the Lake Merritt BART Station area.
- A consortium of partners including MTC, Port of Oakland, EBEDA, the Bay Area Council and others are contributing resources for a study of ***Regional Goods Movement***. This project has important consequences for Oakland, given its role as a goods movement hub composed of the
- maritime Port, Airport and a long stretch of Interstate 80.
- The ***Bay Area Industrial Roundtable*** is a collaborative of business owners, city planners, economic development professionals, workforce advocates and others dedicated to the support of production, distribution and repair enterprise and employment in the inner Bay Area. Initiated by City staff, the roundtable has grown to include 12 jurisdictions.

Needs/Next Steps/Recommendations

Continue to participate in these strategic partnerships.

d. Contract business retention, expansion and support services

Background/Description

The City's contract with Oakland Commerce Corporation is now month-to-month to be terminated no later than December 31, 2008. The City is soliciting proposals from firms and or individuals to respond to one or all of the following principal tasks:

- Provide direct business retention, expansion and support (BRE) activities to existing businesses in Oakland, and facilitate trade and commerce association meetings for commercial and industrial sectors.

- Conduct the annual business survey and compile and present results to staff. The purpose of the survey is to take an inventory of business and jobs in the City thereby increasing the ability of staff to identify potential businesses at risk of closure or relocation out of Oakland, to identify businesses that can benefit from active and appropriate city support, and to evaluate quality and productivity of the services provided to the business community by City staff as well as the BRE and commercial security consultants(s).
- Implement the City's Business Alert Commercial Security program.

Current Actions/Tools

A request for proposals for the retention/expansion case management function, along with survey/evaluation function and commercial security facilitation was issued in October 2008 at the direction of Council. Proposals are due in December 2008.

Needs/Next Steps/Recommendations

Staff's recommendation is retain the retention/expansion case management function and commercial security facilitation in-house.

6. EASE OF DOING BUSINESS WITH THE CITY

These activities make it easier for investors and businesses to *work with the City of Oakland*.

a. Improvements in permit processing

Background/Description

Planning staff had heard complaints for some time about developers feeling that there were unwritten rules and regulations they didn't know about, making it difficult to develop large project plans and get on the same page as planners.

Current Actions/Tools

Business Development staff routinely work with new and expanding businesses in their respective sectors to better understand and navigate the Planning and Building permitting process. More recently, CEDA hired a consultant to interview internal and external stakeholders, methodically go through all the steps that occur in the development process, and create a procedures manual to include flow charts and who reviews which documents. The City of Oakland Procedures Manual for Major Development Projects was published in September 2008. In addition, the Planning Division has also increased the number of permits which

can be issued over-the-counter, for example sign and design review for small projects.

Needs/Next Steps/Recommendations

A similar manual for small projects is in the works and existing staff should be retained to complete it.

7. FINANCIAL INCENTIVES

a. Façade and Tenant Improvement grants

Background/Description

The City of Oakland and the Oakland Redevelopment Agency offer matching grants for exterior improvements to properties for the purpose of eliminating blight and enhancing business and property values in the Laurel and Dimond Neighborhood Commercial Revitalization (NCR) target areas and in the Broadway/MacArthur/ San Pablo (eligible areas), West Oakland, Central District Downtown (eligible areas), Central City East, and Coliseum Redevelopment Project Areas.

Matching grants are based on total project costs and linear feet of building frontage. Grants can range from \$10,000 to \$99,000, depending on the area, and are provided as reimbursement once the project is completed. Limited design services are provided to all projects by licensed architects under contract to the City and Redevelopment Agency.

For more detailed information regarding general guidelines for the City and Redevelopment Agency Façade Improvement Programs, refer to the CEDA website at <http://www.business2oakland.com/main/redevelopment.htm>.

Current Actions/Tools

As an example of the success of these Programs, the following is focused on the Downtown grant programs.

The Downtown Façade Improvement Program was created in 1999 and covers most of the Central District Redevelopment area. The program provides matching grants up to \$75,000 and \$5,000 in free design assistance to property owner and businesses for the purposes of making storefront and façade improvements in vacant retail space. Since 1999, the program has worked on 335 projects. Two hundred thirty projects have been completed or are in construction. The Façade Program has paid or encumbered almost \$4 million in

grants which is leveraging \$17 million in total exterior improvements. The program continues to be incredibly popular with over 100 projects in design.

The Downtown Tenant Improvement Program was created in 2003 to complement the Façade Improvement Program. The program offers up to \$99,000 in matching grants or \$10 per square foot and \$5,000 in free interior design assistance. Since 2003, 136 new businesses have signed leases and have participated in the program. One hundred twenty projects have opened or are in construction and 16 are in design. The \$4.5 million in grants paid, encumbered or being negotiated are part of \$19 million of investment in total interior improvements.

Needs/Next Steps/Recommendations

The Downtown façade program will likely need more funding due to an unusually high demand. Following through on the City's industrial attraction strategy also suggests a need for continued resources dedicated to assist with the Tenant Improvement Program in that sector in various redevelopment areas.

Insurance requirements for contractors should be minimized.

All paperwork for clients should be taken to the bare minimum to make accessing the programs as easy and customer friendly as possible. Right now, staff's greatest obstacle is gathering paperwork.

b. Enterprise Zone

Background/Description

Recognizing the need to encourage business investment and promote creation of new jobs in the City of Oakland, the City applied for and received a 15-year state designation in September 1993 and reapplied and received a new designation effective September 2008 for an additional 15 years.

This program enables businesses located in the EZ to receive several different tax credits from the California Franchise Tax Board, which encourages business investment in the Enterprise Zone areas. The credits can be taken for the hiring of qualified employees, purchase of qualified equipment, for the depreciation of qualified business real property, and against net operating losses. The Enterprise Zone program complements other City business retention and attraction efforts and provides the City with a locally competitive edge as Oakland has the only EZ in Alameda County. Aside from the Façade and Tenant Improvement Grant program, EZ tax credits are the most lucrative incentive Oakland offers at this time for most businesses.

Current Actions/Tools

Staff is working on a memorandum of understanding for the renewed EZ and implementation of a marketing plan. Oakland's online vouchering system is being upgraded and all website content will be moved from www.OaklandWIB.org to www.Business2Oakland.com. Staff is preparing for an expansion into all other Oakland commercial areas not qualified for the EZ and into the City of Emeryville.

Needs/Next Steps/Recommendations

The EZ program generates revenue from voucher fees to cover staffing costs, marketing, the vouchering website and state fees. Voucher fees increased in July 2008, however additional funds are needed to fully implement new program activities.

c. Jobs and Tax Base Stimulus Plan

Background/Description

Many opportunities exist for Oakland to attract large businesses that are considering an expansion or relocation in the near future. Business location incentives represent a common approach among cities to attract the tax revenues, jobs and business activities associated with large employers.

Business Development has initiated the process of crafting a Jobs and Tax Base Stimulus Plan in response to the national and regional economic downturn affecting Oakland's job and tax bases. Other local governments already have such programs in place and/or are actively exploring additional efforts to assist existing businesses and induce new businesses to relocate to their jurisdictions. Types of incentives offered by other cities to attract high priority employers and revenue generators include subsidized rents at move in and business or other tax abatement for companies in targeted sectors. A more recent example is that this past October, San Francisco Mayor Gavin Newsom proposed an economic stimulus plan that will include expanded tax incentives for existing San Francisco businesses.

If Oakland seeks to promote the stability and growth of City taxes and other revenues in the current economic climate, we must send a clear signal to the business community that Oakland understands their challenges and has a clear strategy for helping businesses weather – and thrive – during the current economic crisis.

Any plan to attract new businesses must reflect the reality that different businesses – based on size, industry, service or product delivery, and business objectives – will benefit more from one type of incentive versus another. Therefore, the Jobs and Tax Base Stimulus Plan will include a “menu” of various incentives that can be packaged together and tailored in the form of Economic Development Agreements to target individual companies. All Economic Development Agreements are legally required to demonstrate that the value of the incentives provided to a business are offset or exceeded by the economic benefits (jobs, local tax revenue) to the City resulting from the business expansion or relocation.

Current Actions/Tools

New Jobs Tax Incentive Program: Staff is currently developing the research required to bring a New Jobs Tax Incentive Program to the City Council for approval. The tax under consideration would waive all or a portion of business tax liability over a four year period for new Oakland businesses bringing in a minimum level of employees. The Incentives Program would also allow for flexibility in the form of Economic Development Agreements so that the City could negotiate individual agreements with large job-producing companies that request specific business tax incentive packages. Given that the City’s business tax rates rank as the very highest in Alameda County, the New Jobs Tax Incentive Program would be an invaluable strategy for Oakland’s business attraction efforts.

Keyser Marsten Associates has prepared a draft economic impact report that assesses the potential economic (jobs) and fiscal (tax revenue) benefits for Oakland generated by businesses with specific characteristics. The report analyzes eight existing Oakland businesses across four major sectors ranging between 20-1,286 employees. Preliminary analysis indicates that when all direct, indirect and induced economic impacts are measured, the relocation of a single major business to Oakland would have an enormously positive impact on the local economy and the City’s tax base.

Retail Sales Tax Incentive Program: Staff is proposing that the City Council approve a program that authorizes staff to develop sales tax sharing agreements with large retailers. These agreements would authorize reimbursement of some portion of sales taxes collected by the City for targeted retailers. Staff is currently reviewing the proposal and will bring a report and recommendation to Council in December.

Needs/Next Steps/Recommendations

The next step is to present a report and recommendation to City Council for consideration and approval, including specific recommendations to approve Jobs Tax Incentive Program and Retail Sales Tax Incentive Program.

B. MARKETING

Communicating the advantages of investing and doing business in Oakland.

1. Development of economic development marketing strategy for Oakland

Background/Description

A coordinated marketing program is essential in communicating the City's many assets and advantages as a location for business, development and investment. The primary focus of the Oakland marketing campaign currently being developed by the City Administrator's Office, Cultural Arts & Marketing Division (CAM) in association with the Oakland Partnership is to position Oakland as a desirable center for business, development and investment regionally, nationally and internationally. A new campaign will highlight the City's many assets including strategic location, global access/connectivity, lower (relative) cost of doing business, quality of life, cultural and ethnic diversity, dynamic arts & culture scene, etc. ED staff works with Cultural Arts & Marketing (CAM) staff on this initiative.

Some of the new marketing tools may include:

- Produce DVD presentation – Oakland as a prime location for business.
- Produce business series on KTOP to stream live on various key websites and/or links to live stream from various key websites.
- Excerpts from DVD presentation and business series placed on key external websites, e.g. My Space, You Tube, Chamber, Port, etc.
- Create/ host pod casts on key economic development topics.
- Create power point presentation for use by key CEDA and City officials/ staff when pitching new business for Oakland.
- Place advertisements in key business, trade, consumer publications.

Prospective tools to assist small business include:

- Host marketing workshops for Oakland businesses.

- Promote business2oakland.com website.
- Promote single telephone # for business support: 1-877-2OAKland.
- Continue Shop Oakland (contingent on funding), www.MeetDowntownOak.com campaigns—expand as needed.

Current Actions/Tools

As part of the Oakland Partnership, CAM has convened the Oakland Marketing Alliance, a consortium of decision-makers with representatives from Oakland corporations, small business, developers, sports, major attractions and venues, City, Port, Oakland Metropolitan Chamber of Commerce, and media outlets. The Alliance will assist in developing and raising funds for the campaign and carry campaign messages in their respective marketing efforts. The Alliance has met and work is in process. Campaign launch is scheduled for Spring/Summer 2009.

Needs/Next Steps/Recommendations

Dedicated ED staff time and funding are needed to fulfill this strategy.

2. Developing and revising marketing portfolio

Background/Description

ED and CAM staff markets Oakland using a variety of materials that have been developed over the years—from the signature blue and green folder/brochures, What Oakland Offers—Resources for Doing Business in Oakland (updated annually), industry sector and Enterprise Zone specialty pieces, neighborhood commercial district profiles, etc. CAM staff have begun work to create, update and produce new marketing tools (many of the materials now in use are several years old) for use primarily by CEDA Economic Development, Mayor/Council/City officials, in addition to the Chamber, Port, and Oakland Partnership members as appropriate. These tools will serve as the principal tools to enhance Oakland's image and attract new business, investment and sustainable development in the designated cluster areas. ED staff works with CAM staff on this initiative.

Current Actions/Tools

Recently completed new items include the Food & Wine Trail brochure featuring Oakland's food and wine producers. Staff provides clients with customized opportunity site, demographics and traffic count reports. Staff refers clients to www.Business2Oakland.com, which is also being updated as part of the City's website revamping. The debut of the revamped portfolio is scheduled for Spring 2009.

Needs/Next Steps/Recommendations

Dedicated ED staff time and funding are needed to fulfill this strategy.

3. Public relations

Background/Description

ED staff works with CAM staff on this initiative. A ramped up public relations campaign is part of the new marketing campaign.

Current Actions/Tools

ED and CAM staff have relationships and speaks with reporters from the local daily and weekly local business newspapers, as well as with television and radio reporters. Through the Oakland Partnership, CAM has convened 25 local public relations and media professionals to help the City gain more positive press coverage. CAM is developing a comprehensive publicity plan to expand editorial coverage on Oakland in key business, trade, consumer publications and electronic media.

Needs/Next Steps/Recommendations

Dedicated ED staff time and funding are needed to fulfill this strategy.

4. Promoting Oakland at tradeshows, conferences, City-sponsored business events, etc.

Background/Description

ED staff promotes Oakland at a number of City-sponsored and other events. At these events staff connects with business owners, developers and decision-makers. ED staff works with City Administrator's Office Cultural Arts & Marketing (CAM) staff on this initiative.

Current Actions/Tools

Events ED hosts include semi-annual commercial broker's forums, quarterly Uniquely Oakland CEO talks, and job fairs. ED trade show participation includes booths at International Council of Shopping Centers (ICSC). ED staff participates, help plan, and/or speaks at a range of conferences hosted by such organizations as American Planning Association (APA), Black Enterprise Entrepreneurs Conference + Expo, CALED, California Enterprise Zone Association, California Downtown Association, ICSC, International Economic Development Council (IEDC), Local Initiatives Support Corp. (LISC), Pacific Coast Building Materials show, Recycling Market Development Zones, Urban Land Institute (ULI), trade, as well as local organizations, such as Oakland Indie Awards and West Oakland Commerce Association.

Needs/Next Steps/Recommendations

Coordinate better with CAM to strategize proactively about each year's conference, event and trade show lineup. Dedicated ED staff time and funding are needed to fulfill this strategy.

C. BROKERING & CASE MANAGEMENT

Facilitating successful deals that benefit buyers, sellers, the City and its residents, and creatively address challenges to doing business in Oakland.

1. Brokering

Background/Description

Economic Development staff bring people together to facilitate creative problem-solving, refer clients to the appropriate resources, make heretofore unmade connections among businesses, properties and pertinent parties.

ED staff are valued for their ability to offer accurate, up-to-date, and credible information to prospects interested in investing, locating, or expanding in a specific area—not always available elsewhere.

Current Actions/Tools

ED staff provides one-on-one assistance to hundreds of businesses annually, conducts proactive deal outreach/matching, and maintains ongoing relationships with economic development and real estate stakeholders. For developers, ED, Redevelopment and Planning staff often know of sites developers hadn't been aware of, as they are frequently new to Oakland. For businesses, ED staff helps them find locations, using tools such as CoStar.

Needs/Next Steps/Recommendations

In order to operate most effectively, the most needed items are excellent communication among CEDA, Mayor's office and City Administrator's office staff, with the recognition that ED staff are experienced in working with small to large business, developer and property owner clients and have deep industry expertise.

2. Case management

Background/Description

Clients come to ED staff, frustrated that they are encountering challenges with City and other regulatory agencies.

Current Actions/Tools

Often the problem can be resolved to the client's and regulatory staffs satisfaction after a phone call, email; if not, ED staff convenes a meeting with interdisciplinary staff and gets all the issues on the table so that they may be constructively addressed, and resolution identified for the client.

Needs/Next Steps/Recommendations

In order to operate most effectively, the most needed items are excellent communication among CEDA, Mayor's office and City Administrator's office staff, with the recognition that ED staff are experienced in working with small to large business, developer and property owner clients and have deep industry expertise.

D. CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

Developing and maintaining good relationships with businesses, investors and other stakeholders.

Background/Description

Staff currently spends significant time organizing opportunities, events and contacts, which must be updated frequently and shared among team members, managers, and directors from several divisions within CEDA. Over time, the amount of data to be updated, organized and shared gets spread across many computers and shared drives, limiting the ability to access information quickly.

To improve client service delivery and more efficiently promote economic development, staff researched CRM options, with the support of Department of Information Technology (DIT). The CRM system needed would have the ability to measure the value and success of economic activity across industry sectors (retail, office, industrial, green) and lines of business (investment attraction, business retention and expansion, and business advisory), with this information accessible to all team members and management online. Each person would be able to view contacts, project status, and opportunities across sectors to promote cross sector deals, improve information sharing, and increase economic activity.

Current Actions/Tools

Staff has evaluated three proposals and selected ThirdWave Consulting to implement Econ Wave, an economic development configuration of Salesforce.com's platform. This system will have activity management capabilities to help staff organize functions and efficiently deliver support to projects, programs, and clients. It will also maintain historical records to help current and future staff understand the background of deals and ensure project continuity. Finally, it will help staff and managers evaluate outcomes against performance measures and overall goals as directed by the City Council and the Mayor.

Needs/Next Steps/Recommendations

A staff report seeking authorization to proceed with ThirdWave and Salesforce.com will be brought to City Council in December 2008. If approved, staff will begin pre-project planning in December 2008 to begin the project in January 2009. A project planning team will work with the consultant, a process engineer, to define the scope of the project, the project objectives, and establish a timeline for implementation. The consultant estimates that it will take six to eight weeks to complete this project.