



AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: Alexa Jeffress
Director, Economic and
Workforce Development
Department

SUBJECT: Economic Development
Administration Grant for Small
Business COVID Recovery

DATE: December 22, 2021

City Administrator Approval

Date: Jan 13, 2022

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution:

(1) Accepting And Appropriating One Million Dollars (\$1,000,000) Awarded To The City Of Oakland By The U.S. Department Of Commerce's Economic Development Administration (EDA) For The Purpose Of Providing Economic Adjustment Assistance Grant Funds As Follows:

- (A) Funding Direct Technical Assistance For Minority Construction Contractors In The Amount Of Five Hundred Thousand Dollars (\$500,000);**
- (B) Funding Direct Technical Assistance For Small Businesses In An Amount Not To Exceed Four-Hundred Thirty-Seven Thousand Nine Hundred And Twenty-Nine Dollars (\$437,929); And**
- (C) Funding Administration Expenses Of The Economic and Workforce Development Business Development Program In An Amount Not To Exceed Sixty-Two Thousand Seventy-One Dollars (\$62,071); And**

(2) Authorizing The City Administrator To Negotiate And Award A Professional Services Agreement With The Following Contractors:

- (A) Merriwether & Williams Insurance Services In An Amount Not To Exceed Five Hundred Thousand Dollars (\$500,000) For A Term of Two Years To Provide Technical Assistance and Business Support Services for Minority Construction Contractors As Selected Pursuant To a Competitive Process;**
- (B) The Black Cultural Zone Community Development Corporation In An Amount Not To Exceed Two Hundred Thousand Two Hundred Dollars (\$200,200) For a Term of Two Years To Provide Small Business Technical Assistance And Waiving The Request For Proposals/Qualifications Competitive Selection Requirements; And**
- (C) The Spanish Speaking Unity Council In An Amount Not To Exceed Two Hundred Thousand Two Hundred Dollars (\$200,200) For A Term Of Two Years To Provide**

CED Committee
January 25, 2022

Small Business Technical Assistance And Waiving The Request For Proposals/Qualifications Competitive Selection Requirement.

EXECUTIVE SUMMARY

In July 2020, on behalf of the City of Oakland (City), the Economic and Workforce Development Department (EWDD), as lead applicant, in partnership with Oakland Public Works (OPW) and community partners, the Spanish Speaking Unity Council (Unity Council) and Black Cultural Zone Community Development Corporation (Black Cultural Zone), applied for a competitive grant from the U.S. Department of Commerce's Economic Development Administration (EDA) Economic Adjustment Assistance Program. After a multiple step federal review process and question-and-answer periods with federal counterparts, the City received notice of funding award in July 2021. Specifically, the City was awarded \$1,000,000 with \$500,000 to be used for a minority contractor training program and the remaining amount to be used of small business technical assistance through the community partners.

Subsequently, for the minority contractor training component, the City staff issued a competitive Request for Proposals (RFP) in August 2021, in compliance with Federal EDA grant and City contracting requirements, for an organization to administer the \$500,000 in grant funds to provide technical assistance and business support services for minority construction contractors. After completing the RFP process, local firm Merriwether & Williams was selected.

Staff recommends approval of the proposed resolution to 1) accept and appropriate the \$1,000,000 in Economic Adjustment Assistance grant funds from the U.S. EDA; 2) execute a professional services agreement with Merriwether & Williams in an amount not to exceed \$500,000 to provide technical assistance and business support services for minority construction contractors; and 3) execute professional services agreements with the Black Cultural Zone and Unity Council in an amount not to exceed \$200,200 each and waiving the competitive selection requirements, respectively. Approval of the proposed resolution will provide an opportunity to continue building upon the City's equitable economic development and recovery efforts by facilitating direct technical assistance programs and capacity building for small businesses and minority construction contractors to support business recovery from the pandemic, while also covering a portion of the City's internal grant administration costs. This proposed project will focus on primarily assisting small businesses located in disadvantaged communities throughout Oakland, including designated Opportunity Zones (OZ),¹ and additional census tracts designated as disadvantaged communities according to CalEnviroScreen 3.0.²

BACKGROUND / LEGISLATIVE HISTORY

In response to the COVID-19 pandemic, in 2020 the Federal government through the Coronavirus Aid, Relief, and Economic Security (CARES) Act disbursement to the U.S. EDA issued a competitive grant through the Economic Adjustment Assistance Program. Multiple City departments evaluated the grant funding opportunity, and a small business support program

¹ <https://www.oaklandca.gov/resources/designated-opportunity-zones>

² <https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-30>

proposal was created by EWDD and OPW, along with strategic partners, the Unity Council and Black Cultural Zone. In July 2020, the City of Oakland filed a grant application as a lead applicant and the Unity Council and Black Cultural Zone as co-applicants. The community groups were selected as co-applicants because the EDA grant requires a match which was met by the Black Cultural Zone through the Transformative Climate Communities (TCC) grant that funds business assistance in far East Oakland and by in-kind activity support from the Unity Council and City of Oakland. In addition, the Unity Council serves over 350 businesses and has the language capacity to serve the Spanish speaking businesses in Oakland. After a multiple step federal review process, the City was awarded \$1,000,000 in funding in July 2021.

Since then, staff has been working to execute the required grant agreement and final forms, which include professional service agreements.

EDA Grant Proposal/Project Overview:

Building upon the 2014 EDA-supported San Francisco Bay Area Comprehensive Economic Development Strategy (CEDS), the City is proposing a small business multi-pronged equity assistance program. As identified in the regional CEDS, “[t]he region’s economic prosperity has not been shared by all communities, with the East Bay lagging behind the West and South Bay.” The U.S. government identified inequities in 30 federally designated OZs in Oakland including portions of West and East Oakland. The OZ designation areas also include neighborhoods with the highest numbers of COVID-19 cases within zip codes 94601, 94603, 94619, and 94621 that are home to a significant number of Oakland’s African American and Latinx residents (see Resolution No. 88146 C.M.S. adopted on June 2, 2020).

The intent of the proposed project is to partner with trusted community organizations with linguistic and cultural capacity; assist with technology gaps; build nonprofit capacity to provide business support; improve blighted neighborhood commercial corridors; leverage common goals for business retention, attraction, and expansion to the most vulnerable business populations; and retain and create local jobs. Through a partnership approach, the City can leverage existing City resources and strengthen the communications and connections with small businesses of color located in disadvantaged communities within the OZ designations.

The grant proposes to use the \$1,000,000 in funding to achieve these key objectives as follows:

1. The City will partner with community-based co-applicants to provide small business technical assistance, including:
 - a. Direct cultural and linguistic 1-on-1 business technical assistance to small Black and immigrant-owned businesses in the designated low-income neighborhood commercial corridors (primarily 30 designated OZ tracts and the TCC area).
 - b. “Train-the-trainer” business skills training to grow the capacity of the co-applicant partners to ensure sustainable high-quality business assistance for Oakland businesses in key areas of business planning, finance, marketing, technology, and management.
2. A qualified consultant will administer a small minority contractor assistance program by providing much-needed technical support services to help the businesses navigate the various requirements to successfully bid on construction contracts.

1. Training and Capacity Building – Small Business Support

In drafting the proposal, staff selected co-applicants Black Cultural Zone and the Unity Council due to these organizations' cultural and language competency and strong connection and trust with the community. The project proposes to build the capacity of these organizations by providing business training guided by experts to ensure that the small businesses they support can thrive, expand and create jobs. The identified co-applicants were selected because of their relationships with the community businesses that are targeted to be served by this project.

The Unity Council is a 55-year-old community development corporation that provides comprehensive place-based services, primarily in the Fruitvale district in Oakland. The Unity Council serves over 350 businesses and has the cultural and linguistic capacity to deliver services to Spanish-speaking business owners throughout Oakland. The Unity Council also provides public space maintenance through its social enterprise subsidiary, Peralta Service Corporation (PSC), that employs 50 people with contracts throughout the Bay Area. The Unity Council has extensive program and financial experience in managing federal funds and can provide management support to the other co-applicant, Black Cultural Zone. As part of this project, the Unity Council will hire Vietnamese and Chinese business consultants to serve additional immigrant-owned businesses.

The Black Cultural Zone received its 501(c)(3) status in 2019 in response to a priority identified during the East Oakland Neighborhoods Initiative (EONI) community planning process. The EONI partnership community plan, funded by the State of California Strategic Growth Council (SGC) through its TCC Planning Grant, was comprised of the City and 12 community organizations committed to reducing greenhouses gases; preventing displacement; improving public health; building economic empowerment; and planning by and with the community. The Planning Grant resulted in the need to have a Black community development corporation lead the ongoing community engagement in East Oakland, and Black Cultural Zone was selected due to its unique experience of collaborative work with over twenty community organizations and its inclusion as the primary community engagement entity in the East Oakland TCC grant. In June 2020, the City and its TCC partners were awarded a TCC Implementation Grant, and over the next four years the Black Cultural Zone will lead community engagement, including direct outreach to businesses throughout East Oakland, and linking residents to training and job opportunities.

2. Technical Assistance for Minority Contractors

As the City looks to broaden and develop its contractor pool, concern about equity and accessibility of the process to small minority contractors was identified in the City's Race and Gender Disparity study.³ In response to this identified need, the program seeks to provide more business support for minority construction contractors to prepare them to bid on numerous public and private developments in Oakland and the greater Bay Area. This is especially

³ <https://cao-94612.s3.amazonaws.com/documents/City-of-Oakland-Draft-Disparity-Study.pdf>

relevant as new infrastructure projects are likely to materialize with expected infusions of new federal funding.

To support this program, the City issued an RFP on September 17, 2021, and received only one primary and a sub-consultant response on October 18, 2021. Both the primary consultant and the sub-consultant are Oakland-based women of color-owned firms. Merriwether & Williams Insurance Services (Merriwether & Williams) was selected as primary consultant with Andrea Lowe Consulting as the sub-consultant. Staff seeks authorization to enter into a professional services agreement with Merriwether & Williams in an amount not to exceed \$500,000 for a term of two years that would assist 40-50 small and emerging minority contractors by providing technical support services to help them successfully bid on construction contracts for capital improvement projects. The program would provide one-on-one business assistance and training in areas such as pre-qualification, certification, online bidding, permitting, bonding and insurance, and compliance with labor reporting requirements.

As part of the scope of work, Merriwether Williams and their sub-consultant, Andrea Lowe Consulting will establish a “local/minority contractor working group” to provide essential on-going feedback and suggestions for improving the City’s contracting process and removing barriers.

ANALYSIS AND POLICY ALTERNATIVES

The EDA grant offers an opportunity to address identified needs of small businesses recovering from COVID-19 impacts by using \$1,000,000 in federal grant funds for small business support and minority contractor training. Approval of the requested action advances the Citywide priority of **housing, economic, and cultural security**. **Figure 1** offers a summary of the proposed uses of EDA funds and the level of funding proposed for each use, which is also explained in further detail below.

Figure 1- Proposed Use of EDA Grant Funds

| Proposed Use of EDA Grant Funds | |
|--|--------------------|
| A) Technical Assistance for Minority Construction Contractors | \$500,000 |
| B) Technical Assistance for Small Business Support | \$437,929 |
| 1) Black Cultural Zone | \$200,200 |
| 2) Unity Council | \$200,200 |
| 3) TBD Capacity Building for Contractors* | \$25,529 |
| 4) TBD Business Workshops* | \$12,000 |
| C) City Administrative Fee Allowance | \$62,071 |
| TOTAL EDA FUNDING | \$1,000,000 |

*Additional contracts for the capacity building training and workshops will be subject to a subsequent RFP process. These contracts would fall within the Council designated City Administrator's contract authority and will not need to return to Council once the contracting process is complete.

A. Technical Assistance for Minority Construction Contractors

Providing technical assistance for minority construction contractors is a recent City Council priority, as shown by the \$500,000 grant to the Construction Resource Center, approved on April 20, 2021, pursuant to Resolution No. 88577 CMS, which authorized agreements to support services for local and disadvantaged business enterprise (DBE) contractors. These efforts will be bolstered by an additional \$500,000 from the EDA grant pursuant to the proposed resolution.

At the Finance and Management Committee meeting on October 11, 2021, staff reported about this EDA grant as part of the larger discussion about the City's efforts to address contracting disparities and shared that the goal of this program is to provide comprehensive business assistance and bonding services to support small and minority construction contractors to submit competitive bids on public projects.⁴ The proposed services will also result in increasing the pool of the City's local/small local business enterprise (L/SLBE) program by adding additional small and minority contractors and subcontractors to the pool of available vendors who participate in the bidding process for City Public Works and construction projects.

The EDA grant requires formal bidding for the minority construction contractor portion of the grant, and after completing the RFP process, staff recommends that the City execute a professional services agreement with Merriwether & Williams in an amount not to exceed \$500,000 to provide to provide technical assistance and business support services for minority construction contractors for a 2-year term with no option to renew.

B. Technical Assistance for Small Businesses

Building on a partnership model with grant co-applicants the Unity Council and Black Cultural Zone, the proposed project works with trusted community partners with linguistic and cultural capacity to assist with technology gaps, build nonprofit capacity to provide business support, improve blighted neighborhood commercial corridors, leverage common goals for business retention, attraction, and expansion to the most vulnerable business populations, and retain and create local jobs. These co-applicants were able to bolster the required match for the federal grant and are actively engaged in business support efforts in the areas hardest hit by COVID-19. This partnership approach has been a cornerstone of COVID-19 recovery activities and builds supportive relationships and capacity building with trusted community organizations. The EDA grant funds would continue this effort by providing staff resources for active one-on-one business support along with training for the partners and additional business resources.

Staff recommends the City execute professional services agreements with the Unity Council and Black Cultural Zone in an amount not to exceed \$200,200 each to provide small business technical assistance for a 2-year term with no option to renew.

⁴ <https://oakland.legistar.com/LegislationDetail.aspx?ID=5145661&GUID=697C09EA-89B3-4086-B8CF-B0FD1A90420F>

Since these partners were identified as co-applicants in the EDA grant proposal, and they are supporting the required federal grant matching fund requirements, staff also requests a waiver of the request for proposals/qualifications process for Unity Council and Black Cultural Zone pursuant to Section 2.04.051.B of the Oakland Municipal Code (OMC) because it is in the best interests of the City to partner with the City's EDA grant co-applicants who were specifically named in the grant award. The City will be the fiscal agent for the grant, with the Unity Council and Black Cultural Zone entering into agreement for services for small business technical assistance.

For the remaining grant funds of \$37,529, the City Administrator will conduct an RFP process (as required by the EDA grant), select, negotiate, and execute two additional professional services agreement in the amount of \$25,529 with a consultant to provide capacity building for contractors and in the amount of \$12,000 with a consultant to provide business workshops. See Figure 1 above). These contracts would fall within the Council designated City Administrator's contract authority and will not need to return to Council once the contracting process is complete.

C. Staff Administration Costs

The EDA grant permits partial cost recovery for administration costs. The EDA uses a pre-negotiated indirect cost formula rate that can be applied to the grant which results in \$62,071 for City administrative expenses. Accordingly, staff recommends allocating the maximum allowance to cover administration costs which includes fiscal accounting, project oversight, and reporting requirements associated with the project activities.

FISCAL IMPACT

Acceptance and appropriation of the EDA grant of \$1,000,000 would enhance the City of Oakland's small business support programs and expand support for minority construction contractors.

The EDA grant funds will be deposited in the Department of Commerce Fund (2104), Economic Development (85411), Project (TBD), Federal Grant: Miscellaneous (46129).

PUBLIC OUTREACH / INTEREST

Through active engagement with the Oakland Economic Recovery Advisory Council in 2020⁵ and subsequent business outreach conducted as part of the recently adopted Economic Recovery Plan,⁶ small business financial resources and technical assistance have been identified as foundational tools to support the City's equitable economic recovery.

⁵ https://cao-94612.s3.amazonaws.com/documents/Final-ERAC-Report_feb26-web-small_2021-02-26-213536.pdf

⁶ https://cao-94612.s3.amazonaws.com/documents/Economic-Recovery-Plan_FINAL.pdf

COORDINATION

EWDD partnered with OPW on the grant application and consulted with the Budget Bureau, the City Administrator's Office, and the Office of the City Attorney in preparation of this report. In addition, Department of Workplace and Employment Standards supported the contract RFP process.

SUSTAINABLE OPPORTUNITIES

Economic: Establishing a pathway to COVID-19 small business recovery and construction contractor support programs will increase capacity and expand economic opportunities for Oakland small businesses and in turn support local job opportunities for residents.

Environmental: Encouraging local employment and business ownership can reduce commutes and related greenhouse gas emissions.

Race and Equity: The program target is focused on meeting areas of known racial disparities and would provide technical and business assistance for small business which would increase long-term business viability and employment opportunities for Oakland small businesses and construction contractors.

The U.S. government identified inequities in 30 federally designated OZ areas in Oakland including portions of East Oakland (the TCC designated area) where 51 percent of the area is within the top five percent of disadvantaged communities in California, and 42 percent of the remaining area is within the top 25 percent (CalEnviroScreen 3.0). The OZ designation areas also include neighborhoods with the highest numbers of COVID-19 cases within Council Districts 5, 6, and 7 (zip codes 94601, 94603, 94619, and 94621) and are home to a significant number of Oakland's African American and Latinx residents.

International Boulevard, the main commercial corridor that runs through some of the most vulnerable low-income neighborhoods of Oakland, has over 1100 small businesses that were struggling prior to COVID-19, and have since been tremendously impacted. The majority are micro-enterprise or small businesses that report revenues well under \$100,000 annually.

Early in the pandemic, businesses lacking English proficiency and technical advantages such as computers and internet access were unable to take advantage of emergency Federal programs. The Federal Small Business Administration reported that only 27 percent of loan funds went to low-and-moderate income neighborhoods. As described above, businesses targeted by this proposal struggled prior to COVID-19 and need additional support to remain in business, retain employment and provide basic services to residents who live in the surrounding neighborhoods. Capacity building and development of cultural and linguistic one-on-one competent business support services in the underserved areas of Oakland remain a targeted effort to help retain, expand, and attract businesses and create local jobs.

In addition, the technical assistance for minority construction contractor component of the grant would specifically address an area of concern identified in the City's Race and Disparity Study.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt A Resolution:

(1) Accepting and Appropriating One Million Dollars (\$1,000,000) Awarded To The City of Oakland By The U.S. Department of Commerce's Economic Development Administration (EDA) For The Purpose of Providing Economic Adjustment Assistance Grant Funds As Follows:

- (A) Funding Direct Technical Assistance for Minority Construction Contractors In the Amount of Five Hundred Thousand Dollars (\$500,000);
- (B) Funding Direct Technical Assistance for Small Businesses In An Amount Not To Exceed Four-Hundred Thirty-Seven Thousand Nine Hundred And Twenty-Nine Dollars (\$437,929); And
- (C) Funding Administration Expenses Of The Economic and Workforce Development Business Development Program In An Amount Not To Exceed Sixty-Two Thousand Seventy-One Dollars (\$62,071); And

(2) Authorizing The City Administrator To Negotiate And Award A Professional Services Agreement With The Following Contractors:

- (A) Merriwether & Williams Insurance Services In An Amount Not To Exceed Five Hundred Thousand Dollars (\$500,000) For A Term of Two Years To Provide Technical Assistance and Business Support Services for Minority Construction Contractors As Selected Pursuant To a Competitive Process;
- (B) The Black Cultural Zone Community Development Corporation In An Amount Not To Exceed Two Hundred Thousand Two Hundred Dollars (\$200,200) For A Term of Two Years To Provide Small Business Technical Assistance And Waiving The Request For Proposals/Qualifications Proposal Competitive Selection Requirements; and
- (C) The Spanish Speaking Unity Council In An Amount Not To Exceed Two Hundred Thousand Two Hundred Dollars (\$200,200) For A Term of Two Years To Provide Small Business Technical Assistance And Waiving The Request For Proposals/Qualifications Proposal Competitive Selection Requirement.

For questions regarding this report, please contact Micah Hinkle, EWDD Deputy Director, at (510) 917-9473.

Respectfully submitted,



ALEXA JEFFRESS
Director, Economic and Workforce
Development

CED Committee
January 25, 2022

Prepared by:

Micah Hinkle
Deputy Director, Economic and Workforce
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