



CITY OF OAKLAND

AGENDA REPORT


TO: Jestin D. Johnson
City Administrator

FROM: Ashleigh Kanat
Director, Economic &
Workforce Development
Department

SUBJECT: Facade and Tenant Improvement
Program Administrator

DATE: June 24, 2024

City Administrator Approval


Jestin Johnson (Jul 2, 2024 10:55 PDT)

Date: Jul 2, 2024

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution Authorizing (1) The City Administrator To Execute A Professional Services Agreement With Plenum Architecture, Inc. For An Initial Three-year Term With Two One-year Options In An Amount Not To Exceed Five Hundred Thirty Thousand Dollars (\$530,000) To Administer And Implement The City's Facade And Tenant Improvement Program (FTIP) And Disburse Approximately \$2.77 Million Dollars In Grant Funds, With Each Grant In An Amount Not To Exceed Twenty-Five Thousand Dollars (\$25,000) Per Grantee; And (2) The Acceptance And Appropriation Of Additional Funds That May Become Available For The FTIP In FY 2024-2026 Without Returning To City Council

EXECUTIVE SUMMARY

Staff recommends that the City Council approve the proposed resolution to award and execute a professional services agreement with Plenum Architecture in an amount not to exceed five hundred thirty thousand dollars to assist with administrating and implementing the City's Façade and Tenant Improvement Program (FTIP) and to disburse grant funds, as well as accept and appropriate funding that may become available for the FTIP for Fiscal Years 2024-26 without returning to City Council. Approval of this proposed resolution will help to increase the City's capacity to process the large number of FTIP grants, which will allow more rapid assistance to FTIP grantees to complete their projects and improve their properties, while at the same time freeing up City staff capacity to address heightened workload in other program areas.

BACKGROUND / LEGISLATIVE HISTORY

On September 30, 1997, pursuant to Resolution No. 73818 C.M.S., the City Council approved the Commercial Property Façade Improvement Program (FIP) as part of the Neighborhood Commercial Revitalization Program. The FIP was directed to target areas in the City's

City Council
July 16, 2024

Community Development Districts since program funding was primarily from the Community Development Block Grant (CDBG) Program.

Since the inception of the Program in 1997, it expanded to the downtown and other Redevelopment project areas. In 1999, the Redevelopment Agency saw a need to revitalize and rehabilitate commercial buildings in the Central District Redevelopment Project Area (Central District) and adopted the FIP for the Central District under Agency Resolution No. 99-37 C.M.S. In September 2003, the Redevelopment Agency adopted the Downtown Tenant Improvement Program (TIP) under Agency Resolution No. 2003-69 C.M.S. Later, other Redevelopment Project Areas also adopted these Programs, including the Broadway/MacArthur/San Pablo Redevelopment Project Area, pursuant to Agency Resolution Nos. 02-91 C.M.S. (FIP) and 2006-0004 C.M.S. (TIP); Central City East Redevelopment Project Area, pursuant to Agency Resolution Nos. 2005-0005 C.M.S. (FIP) and 2005-0006 C.M.S. (TIP); the West Oakland Redevelopment Project Area, pursuant to Agency Resolution Nos. 2006-0001 C.M.S. (FIP) and 2006-0003 C.M.S. and the Coliseum Redevelopment Project Area, pursuant to Agency Resolution Nos. 2007- 0042 C.M.S. (FIP) and 2007-0043 C.M.S. (TIP). Collectively, the FIP and TIP are now known as the Façade and Tenant Improvement Program (FTIP).

Historically funded through both Redevelopment funding and CDBG, the program has been spending down allocated funds and has exhausted the CDBG funding sources, leaving Redevelopment Agency Bond funds as the primary program funding source, which limits their geographic distribution. A 2019 analysis by staff in collaboration with UC Berkeley graduate students and local nonprofit, Just Cities, estimated that the Downtown area contains 32% of businesses located in Oakland's commercial and industrial corridors, but received 86% of FTIP funding until that point.

In Fiscal Year (FY) 2021-22, as part of the biennial budget adoption process, City Council authorized \$300,000 in General Purpose Fund (GPF) support through Resolution No. 88717 C.M.S. to support small, disadvantaged businesses with façade and Flex Street Program assistance in East Oakland, West Oakland, Fruitvale, Chinatown, Little Saigon/Eastlake, Dimond, Laurel and Fairfax commercial neighborhoods.

In June 2022, the City of Oakland Passed Resolution No. 89239 C.M.S., which made several key changes to FTIP, including making grants available citywide and allowing for projects up to \$25,000 to be fully reimbursable.

In late 2022, FTIP was subsequently relaunched with an application window that closed on January 31, 2023. The City received over 650 applications, and in May 2024 approved grants to 107 eligible applicants of up to \$25,000 each, awarded based on equity scoring criteria and fulfillment of the program goals. The first phase of 24 FTIP grants are currently being processed by City staff, with the remaining 83 grants to be processed in a second phase starting in 2024. Currently, 23 of the selected grantees are in various stages of grant processing, and one grant has been executed and disbursed by City staff. The remaining 83 grantees have been issued grant award letters by the City and have been designated for the second phase; these grants remain to be processed.

In February 2024, the City of Oakland's Economic and Workforce Development Department (EWDD) invited proposals from qualified service providers to administer and implement the Façade and Tenant Improvement Program (FTIP). A panel of City staff in EWDD's Business Development Division reviewed and scored the three RFP responses received and found Plenum Architecture to be the top scoring recipient.

ANALYSIS AND POLICY ALTERNATIVES

Approval of the requested action advances the Citywide priority of **economic and cultural security** by improving commercial spaces to help the businesses that inhabit them be successful.

The Façade and Tenant Improvement Program (FTIP), was designed to support investment for buildings on commercial corridors with storefront businesses, provides grants on a reimbursement basis to small business owners and property owners to improve the exterior and interior of their commercial properties. FTIP is intended to encourage economic development and reduce blight by enhancing the physical appearance and commercial viability of storefront businesses.

The City of Oakland's Economic and Workforce Development Department (EWDD) invited proposals from qualified service providers to administer FTIP. The selected service provider will work with approximately 106 total grantees, who have been assigned to one of two phases. Of the 106 grantees, 23 were designated for the first phase and are in various stages of grant processing. The remaining 83 grantees were issued grant award letters by the City and have been designated for the second phase, which will be processed once a service provider is under contract.

Following a competitive formal Request for Proposal (RFP) process, staff identified Plenum Architecture, Inc., to administer the City's Façade and Tenant Improvement Program (FTIP). Over the next three years, Plenum Architecture will provide technical assistance and administer grants. The service provider will provide services that include assessment and guidance, contract documentation, grant execution, direct grantee assistance, payment processing, project oversight, record keeping, and partnering with City staff to ensure all City requirements are met.

Program and Equity Need

The Façade and Tenant Improvement Program is an important tool to eliminate blight and spur investment and job opportunities into disadvantaged commercial neighborhoods. However, the benefits of the program have not been distributed evenly. A 2019 analysis by staff in collaboration with UC Berkeley graduate students and local nonprofit, Just Cities, estimated that the Downtown area contains 32% of businesses located in Oakland's commercial and industrial corridors, but received 86% of FTIP funding.

In 2021, staff completed an equity analysis identifying FTIP program modifications that would remove access barriers and increase program participation for businesses in these targeted areas. This led to the passing of Resolution No. 89239 C.M.S., which made several key changes to FTIP, including making grants available citywide and allowing for projects up to \$25,000 to be fully reimbursable. The equity criteria established for the last FTIP funding round further prioritized the targeting of grant funds to historically disinvested corridors.

The recent changes to FTIP have led to increased demand for the program, leading to greater resources needed to administer the program. In addition, grant dollars are increasingly being awarded to business owners with barriers to success, including limited access to capital, limited

experience with managing construction projects, and limited English skills. This has resulted in an even greater resource need for FTIP to provide technical assistance to business owner grantees in need.

Scope of Work

Plenum Architecture will guide grantees through the grant process, ensuring compliance with City, County, and state requirements, and facilitate reimbursement for approved construction projects. Plenum has a proven track record in helping its clients, many of whom are Oakland-based small businesses, comprehend municipal processes, including permitting requirements and City planning and building codes, with specific relevance to construction services.

Plenum Architecture will work with the 80+ grantees that have already been issued grant award letters by the City. The service provider will provide assistance to grantees with the following steps.

1. Assessment and Guidance

Collaborate with each grantee to assess their project scope, discuss desired improvements, and offer guidance on the eligibility of proposed improvements, applicable permitting requirements, and procuring contractor estimates that comply with state prevailing wage requirements.

2. Contractor Documentation

Review and approve contractor documentation, including project estimates and proof of licensing.

3. Grant Execution

Draft and execute grant agreements, ensuring that each project complies with all program requirements. Grants will be between the service provider and the grantee only.

4. Direct Grantee Assistance

Provide assistance to grantees once the construction project has commenced, offering guidance on permit navigation, planning, and building requirements.

5. Payment Processing

Administer grant disbursements to grantees upon receipt of milestone documentation. Grantees may choose to receive payments in up to three stages to minimize the need for upfront capital.

6. Project Oversight

Monitor and follow up with grantees to ensure they adhere to project schedules and requirements. In cases where a grantee decides not to pursue the project or becomes unresponsive, reallocate funding as necessary to next eligible project(s) in the waitlist.

7. Record Keeping

Maintain auditable records, documents, and papers related to each grantee for inspection by authorized local, state and federal representatives.

8. City Staff Partnership

Partner with City Staff to ensure all City requirements met.

While the majority of the grantees in the second phase are English speakers, some have indicated primary languages other than English, the most common being Cantonese and Spanish. In addition to having Spanish-speaking staff, Plenum Architecture has experience managing community outreach in multiple languages and working with third-party translators.

FISCAL IMPACT

Funding for the service provider contract for the Facade and Tenant Improvement Program will come from the City of Oakland FY 24/25 Budget as follows:

Funding for the FTIP grants comes primarily from Redevelopment bond funding. As of the writing of this report, there is approximately \$1,375,000 dedicated to the Central District Project Area, \$800,000 in the Coliseum Area, \$550,000 in the Central City East District, and \$165,000 in Broadway/MacArthur/San Pablo. In June 2021, Council authorized supporting small businesses and FY21/22 general funding resources of \$300,000 for small, disadvantaged businesses; this funding is contingent on approval of carry forward use for FY 23-24 and FY 24-25 and is not guaranteed due to possible carry forward retrenchment in response to the General Fund deficit. In May 2024, Council accepted for appropriation \$100,000 donated by the Alameda County Transportation Commission to fund facade Improvements in the Oakland Waterfront Warehouse District through Resolution 90210 C.M.S..

Table 1. FTIP Funding Sources and Grant Dollars Awarded

Funding Source	Funding Available	Grants Awarded	Grant Dollars	Amount Remaining
Redevelopment Bonds				
Central District	\$1,490,471	35	\$874,965	\$615,506
Coliseum	\$909,784	32	\$799,968	\$109,816
Central City East	\$549,071	22	\$549,978	(\$907)
Broadway/MacArthur/San Pablo	\$163,609	6	\$149,994	\$13,615
<u>Total Redevelopment Bonds</u>	<u>\$3,112,935</u>	<u>95</u>	<u>\$2,374,905</u>	<u>\$738,030</u>
General Fund	\$300,000	12	\$299,988	\$12
Alameda County Transportation Commission	\$100,000	TBD	\$100,000	\$0
Total	\$3,512,935	107	\$2,774,893	\$738,042

As shown in **Table 1**, most of these funding sources are almost fully committed to FTIP grants of \$24,999 each, with the exception of the Central District bond funds, and will therefore not be available to fund the service provider contract.

Rather, the professional services agreement with Plenum is anticipated to be funded with \$400,000 that was allocated to FTIP in the FY 23-25 Biennial Budget (\$200,000 in FY 23-24 and \$200,000 in FY 24-25) in General Purpose Fund (1010), Economic Development Organization (85411), Third Party Grant Contracts Earned Account (54912), Small Business

Assistance FTIP Project (1006027), pursuant to Resolution No. 89804 C.M.S.. This funding is contingent on approval of carry forward use from FY 23-24 into FY 24-25 and is not guaranteed due to possible carry forward cancellation in response to the General Fund deficit. Given that the Central District bond funds are projected to have a remaining balance after accounting for the 35 FTIP grant commitments, this source may be used to fund the administrative fees associated with those Central District grants, including the remaining \$130,000 out of the \$530,000 intended for this contract.

If the carry forward is retrenched, Business Development will work with Plenum to scale the project to match the funds available, which may mean the City will not be able to provide funding to grantees who have already been notified of their award.

PUBLIC OUTREACH / INTEREST

Staff has conducted public outreach regarding the FTIP RFP. A pre-proposal meeting was held and available to the public on Tuesday, March 5, 2024 at 10:00 am. The announcement for this request for proposal was sent to professional service providers, community-based organizations, local chambers of commerce, and other business stakeholders.

COORDINATION

The Business Development Division in the Economic and Workforce Development Department (EWDD) consulted with DWES, and the Office of the City Attorney in preparation of this report and resolution.

SUSTAINABLE OPPORTUNITIES

Economic: Equitable small business support is a core function of EWDD and FTIP is a direct financial assistance program that was created to eliminate blight and spur investment and job opportunities into disadvantaged commercial neighborhoods. The proposed professional service agreement is intended to increase program capacity, helping grantees complete their improvement projects faster, especially in underinvested commercial neighborhoods, increasing the City's economic vibrancy and creating new job opportunities.

Environmental: Encouraging local employment and business ownership can reduce commutes and related greenhouse gas emissions. Support of FTIP will increase small business opportunity which would provide needed goods and services in disadvantaged commercial neighborhoods. With additional small businesses located in neighborhoods, reductions in travel could be an outcome that would reduce greenhouse gas emissions and provide local employment.

Race & Equity: The equity scoring criteria used for the selection of grantees in the last funding round of FTIP prioritizes businesses located in commercial districts in high priority neighborhoods that have been historically marginalized or under invested, as defined by the Oakland Department of Transportation (OakDOT) Equity Toolbox. The proposed professional service agreement adds capacity to support business owners chosen by this equity scoring


criteria, including increased assistance to limited English speakers and those with limited experience with construction projects.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt A Resolution Authorizing: (1) The City Administrator To Execute A Professional Services Agreement With Plenum Architecture, Inc. For An Initial Three-year Term With Two One-year Options In An Amount Not To Exceed Five Hundred Thirty Thousand Dollars (\$530,000) To Administer And Implement The City's Facade And Tenant Improvement Program (FTIP) And Disburse Approximately \$2.77 Million Dollars In Grant Funds, With Each Grant In An Amount Not To Exceed Twenty-Five Thousand Dollars (\$25,000) Per Grantee; And (2) The Acceptance And Appropriation Of Additional Funds That May Become Available For The FTIP In FY 2024-2026 Without Returning To City Council

For questions regarding this report, please contact Yanira Cortez, Urban Economic Analyst, II at 510-238-6683.

Respectfully submitted,


Ashleigh Kanat (Jul 1, 2024 18:41 PDT)

ASHLEIGH KANAT
Director, Economic & Workforce Development
Department

Reviewed by:
Eric Simundza, Urban Economic Analyst IV
Business Development

Prepared by:
Yanira Cortez, Urban Economic Analyst II
Business Development