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CITY OF OAKLAND

AGENDA REPORT

2009 JAN 29 PM 4:29

Office of the City Administrator
ATTN: Dan Lindheim
FROM: Community and Economic Development Agency
DATE: February 10, 2009

RE: A Report, Recommendation and Implementation Plan for the City of Oakland's Business Assistance Center

SUMMARY

The proposed Oakland Business Assistance Center ("BAC") will be a visible, easily accessible, single location for Oakland businesses to obtain support and information on how to operate, grow and sustain their businesses in Oakland. Additionally, the BAC will be a clearinghouse for information on City and other services, including Oakland's local Business Service Organizations ("BSO"), non-profit support network and programs from Alameda County, the U. S. Small Business Administration ("SBA"), Pacific Gas & Electric Co., East Bay Municipal Utility District, and the East Bay Small Business Development Center ("SBDC").

The impetus for the proposed Center originated from a report presented by Council President Brunner at the Community Economic Development Committee meeting on December 16, 2008. This report responds to the Committee's request regarding the development of a Business Assistance Center.

With input from the Office of the Mayor, staff has developed an alternate proposal for operations and staffing of the BAC. Staff proposes that the BAC be staffed by a combination of City staff and employees of a qualified business support organization. Staff from both organizations will be required to have unique experience in working with small businesses and sound working knowledge of Oakland's business environment.

FISCAL IMPACT

The build-out, staffing and annual operation of the City staff proposed Business Assistance Center will be approximately \$328,236 in year one based on the following:

Staffing – Business Assistance Center management and primary oversight would be provided by two City of Oakland employees. The recommended existing position classifications of these two positions are: one Urban Economic Development Analyst (UEA) IV and, one Urban Economic Development Analyst I. The Community and Economic Development Agency currently has one vacant UEA IV position in the Economic Development Division. As this position is an authorized position it would not necessitate an additional budgetary expenditure. The funding of the UEA I position proposed for support staffing of the BAC will require staff to

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identify funding other than that which is currently available in either the City or Redevelopment Agency budgets.

Build Out of Space – The build out of space designated for use as a Business Assistance Center will cost approximately \$85,000 to construct. Funds are available in Fund HUD-EDI Grant Fund (2105) and Economic Development Programs Fund (H66631), One Stop Small Business Center (SC04) for the project.

Operations – Staff estimates the annual operating cost for the Business Assistance Center, including rent, marketing, equipment, supplies and contracts, will not exceed \$127,000. Staff has identified Coliseum Operations Fund (9450), Business Development Organization (88559) and Coliseum Redevelopment Miscellaneous Operating Project (\$82600).

BACKGROUND

Small businesses are the engine of Oakland's economy. Ninety percent of Oakland businesses employ 20 or fewer employees (according to data from Demographics Now). The success of small businesses means more job opportunities for Oakland residents. With the anticipated prolonged downturn in the economy it is critical that the City of Oakland focus on assisting new and existing small local businesses.

Small business owners often have very limited time and are unfamiliar with City processes and requirements. As a result, many become frustrated when applying for permits or scheduling the inspections required by the City. Businesses also feel somewhat helpless when they run into obstacles or situations with no apparent solution. Therefore, an advocate to provide support and guidance through the various City of Oakland processes becomes an imperative mechanism to nurture business growth in Oakland.

The idea of a Business Assistance Center originated in mid-2006 during collaboration between the City of Oakland's Economic Development Unit, the Oakland Metropolitan Chamber of Commerce and the City's BSO network. Following that collaboration, the Mayor's Small Business Task force adopted the concept for a business assistance center and convened on numerous occasions to discuss the concept and begin to develop program content for implementation.

To assist in expediting the development of the BAC, Council President Jane Brunner initiated discussions with numerous local small business persons, including the leaders of the Mayor's Small Business Task Force, and City staff from the Economic Development Department, the Fire Department, Building Services, Planning Department and the Business License Tax Section, to better determine the actual services that can be provided to the Oakland businesses community through the BAC. Council President Brunner and City staff also visited the Cities of San Jose and San Francisco to research and obtain examples of best practices from the Small Business Center's they operate.

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Cities Visited

The San Jose program features a Small Business Ambassador. There is currently one staff person who acts as the Ambassador and is a Planner within the City's Planning Department. The Building Department's Development Services Unit assists small business owners through the review and permitting process by appointing a single point of contact within the City to assist those not familiar with project review and inspection processes. Business owners engage an ambassador prior to signing a lease or buying a property.

The San Francisco Small Business Assistance Center was created in November of 2007. The Center is located in the City's Treasurer's Office, where businesses normally come to pay their business license tax. The San Francisco Center currently has four staff persons and offers assistance in the following areas.

- Business Start-up/Expansion – case managers assist businesses in obtaining necessary licenses and registration, accessing financial resources, and coordinating technical assistance and business advice.
- Permit Assistance – case managers will assist businesses in navigating the permitting process at Planning, Building Inspection, etc., trouble-shoot permit related issues, and help coordinate the permit process among multiple agencies.
- Procurement – case managers help businesses become certified to do business with the City of San Francisco and provide guidance on how to bid on government contracts.
- Compliance with Government Laws and Regulations – case managers provide accurate and detailed information regarding complying with local, state and federal business laws, including the Minimum Wage, Paid Sick Leave and Health Access Program ordinances.
- Resource Referrals – case managers connect businesses to City services, merchant associations and trade organizations, as well as nonprofit and private sector resources.

Client Management

Businesses seeking assistance at the Center will be tracked by Salesforce.com, a web-based database system, used to manage and track interactions with clients and produce specialized client reports. The City of Oakland recently entered into a contractual relationship with Third Wave Consulting (Resolution No. 81703 C.M.S) to develop appropriate Salesforce.com client modules and populate those modules with current project client data.

Structure

At the December 16th Community and Economic Development Committee meeting Council President Brunner proposed a program that would develop a Business Assistance Center to provide Oakland's business community with specialized and enhanced customer service to ease and expedite the City's various licensing and permitting processes. The proposal presented by the Council President called for the establishment of a Business Assistance Center with its build out and operations jointly funded by the City and the Redevelopment Agency. Council President Brunner's proposal additionally proposed that the Center's staffing be provided by City of Oakland employees. The CED Committee directed staff to review the feasibility of the City Council President's proposal and either provide the Committee with an implementation strategy for that proposal or make recommendations for an alternate strategy that would still deliver an Oakland Business Assistance Center.

Although City/Agency staff wholeheartedly supports the Council President's proposal to establish a Business Assistance Center, staff, after consultation with the Mayor's Office, believes that the Center's structure and operation will require the City of Oakland to enter into an agreement with a not-for profit organization to partner with the City in providing referral services and general guidance to the business community. Staff's rationale for this alternative recommendation is based in part on funding availability and staff's commitment to deliver on Mayor and City Council's Goals and Objectives with existing staff currently assigned to or represented in the Division's budget. Additionally, the Business Assistance Center would be more well rounded if in the Center there existed an entity that could assist businesses with referrals to services found outside the structure of the City of Oakland organization.

Staff met on several occasions with the Council President's office to strategize the development of an ongoing funding source for the Center. Staff's preliminary research has determined that increasing fees for services from such City departments as the Fire Department, Building Services, Planning and Business Tax may cause undo hardship to new and existing businesses. Based on staff's knowledge of the business community, any increase in taxes or fees may create an impression that Oakland is non-business friendly and expensive compared to other cities in the region.

The City is committed to financing the build-out of the space for occupancy and to provide furniture and equipment and lease payments. However, it is important to note that in the current budgetary climate the City of Oakland/Oakland Redevelopment Agency may not have the resources to fund on-going operation and staffing expenses of the Center.

Scenario 1

The Center is staffed by one existing staff person. In addition, a new staff person will be hired. The space will be shared with another Business Service Organization.

	Funded Costs	Unfunded Cost	Notes
Operational Cost (Annual Lease)	\$77,000		Funds have been identified but not yet appropriated
Build out (one time cost)	\$ 85,000		Funds have been identified but not yet appropriated
Staff Cost- Existing Urban Economic Analyst (UEA IV), One new Urban Economic Analyst (UEA 1)	\$189,342	\$ 116,236	The UEA IV position has already been funded through the budget process. Additional funds would need to be identified to hire an additional person.
Equipment, Marketing, Supplies, and Contracts	\$50,000		Funds have been identified but not yet appropriated.
Total Cost for Year 1	\$401,342	\$116,236	

Scenario II

The Center is staffed with existing Economic Development staff. No other organization is included in the Center.

	Funded Cost	Unfunded Cost	
Operational Cost (Annual Lease)	\$ 77,000		Funds have been identified but not yet appropriated
Build out (one time cost)	\$ 85,000		Funds have been identified but not yet appropriated
Staff Cost- Existing Urban Economic Analyst (UEA IV), and existing Urban Economic Analyst (UEA 1)	\$189,342 \$116,236		The UEA IV and UEAI positions have already been funded through the budget process.

	Funded Cost	Unfunded Cost	
Equipment, Marketing, Supplies, and Contracts	\$ 50,000		Funds have been identified but not yet appropriated.
Cost for Year 1	\$517,578		

KEY ISSUES AND IMPACTS

The goals of the BAC are to enhance, grow, expand and sustain business in the City of Oakland. This is done by providing support services, linking businesses to local service providers and guiding businesses through the appropriate City Departments to enhance their experience with the City of Oakland and offer a satisfactory outcome. The BAC will seek to:

- Offer and provide a friendly and welcoming atmosphere to businesses seeking information and support from the City of Oakland
- Assist with and expedite the City processes
- Establish processes that encourage and facilitate the attraction of businesses to Oakland
- Guide and monitor new or existing businesses through required City processes, including making appointments with appropriate City staff and departments to obtain information on City forms and processes
- Provide basic information on how to start, finance and sustain a small business in Oakland and maintain a solid relationship with the broader business support community to ensure that information and resources are readily available
- Act as an advocate and facilitate inter-departmental solutions for businesses that may encounter difficulties with City policies or processes

The BAC would be staffed by one of the following:

- Two full time Economic Development staff (1 UEA IV and 1 UEA I, both existing) and as needed "On Call" support from City staff of relevant permitting and licensing offices
- Two full time Economic Development staff (1UEA IV (existing position) and 1 UEA I (new position), as needed "On Call" support from City staff of relevant permitting and licensing offices and Center Business Support Organizations

Services Offered By Non-Profits Organizations and By the City

The Bay Area has approximately 60 BSOs that serve local businesses. Most prominent in this group are Oakland based non-profits including: the Oakland Business Development Corporation Small Business Finance "OBDC", California Economic Development Lending Initiative

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“CEDLI”, Nor-Cal Small Business Development Corporation, Inner City Advisors, California Resources and Training “CARAT”, the (SBDC) and the Women’s Initiative for Self-Employment “WISE”. Staff’s proposal would access and link Oakland businesses visiting the Center to this network of service providers. A partial list of the services offered by the non-profit community is listed below:

- Direct financing opportunities to businesses
- Direct hands-on technical assistance to individuals
- Trainings and workshops on topical business issues
- Mentoring and peer-to-peer programs
- Access to numerous community support organizations that support businesses.
- Grant information and support
- On-going relationship management

Coupled with the above list of general services offered by the not for profit community, the BAC would support the growth and sustainability of business in Oakland by providing the following services:

- Planning and zoning permitting information
- Business License Tax support
- Building and Fire Code support
- General business support services, i.e., technical assistance, financing information, City incentives and referrals
- *Façade & Tenant Improvement grants*
- Location assistance for retail and commercial businesses using CoStar site database, broker networks and original site research
- Financial Incentives including the Enterprise Zone Tax Credit program
- Green Business information
- Retail/Commercial analysis information
- Redevelopment Programs

The combination of a single service center that offers both experts in the navigation of City services and an organization that is knowledgeable of available business services allows the City to move one step closer in providing business with an actual One Stop Business Center. Staff is exploring the possibility of housing the approved Business Retention and Expansion “BRE” consultant in the Center to better provide wrap around services. Having the BRE service provider co-located in the BAC would be an immediate benefit to clients, as referrals to a City contracted service provider would be seamless. Additionally, such a coupling would ensure that businesses would be tracked, monitored and supported from their initial visit to the Center, increasing coordination and a sense of support by the City.

PROGRAM DESCRIPTION

The purpose of the Oakland Business Assistance Center is to create a visible, easily accessible, one-stop center for businesses to obtain the assistance they need to operate their businesses successfully in Oakland. The Center would accomplish this goal, in part, by maintaining staff to effectively guide business owners through necessary City of Oakland regulatory processes. The BAC will serve all types of businesses, but would place emphasis on small businesses. The BAC would utilize on-call business counselors or liaisons who would conduct one-on-one consultations with businesses to determine what their needs are and what the best service approach would be for each client.

As proposed by staff the BAC would be managed by a senior staff person, supported by an additional junior staff person, with referral and non City services support by a qualified BSO. Staff is exploring the possibility of housing the soon to be contracted BRE consultant in the location as the City's partner. This would accomplish two goals; (1) provide the desired on-site referral support to businesses visiting the Center, and (2) generate a funding stream to support the operations of the Center.

The selected BSO would work in tandem with the City to assist individuals or businesses through the service provider's networks, but more importantly City staff would provide direct support to businesses seeking regulatory or process help. Council President Brunner worked diligently to develop, with staff, a process by which City staff would be available to assist businesses with other City department processes without significant disruption of normal activities within department. The process that was developed is an "On Call" and an "Appointment Scheduling" process that will significantly increase Oakland's current level of customer service, while not creating a need for additional staff in any of the departments that will ultimately provide heightened services to the public.

The Center would also offer basic information and materials about City, County and State business related requirements and resources, and collateral materials from other business service organizations.

Marketing

As part of the Center's marketing plan and outreach, a web site would be developed and linked into a Bay Area wide web site currently under development by One California Bank. One California Bank has volunteered its support and services to assist in the development of the web site and Center. Staff is still exploring the nature of any agreement being proposed by One California. Appointments, referrals and support information would be available on the site along with direct referrals to BSO organizations.

Marketing would include outreach to non-profits and other support organizations and would include presentations to groups and staff on the merits of the BAC. Surveys would be developed for in-person and on-line feed back. A newsletter would be developed for e-mail distribution, and a monthly e-mail blast on current and future events would be sent to clients. BAC staff would convene a series of quarterly meetings with appropriate City staff and Department directors to provide on-going emphasis on the importance of cooperation and working together, and to keep the goals and objectives of the Center current in the minds of staff.

SUSTAINABLE OPPORTUNITIES

Economic: The City of Oakland along with the rest of the country is in a recession. To date, there have been over a million jobs lost and thousands of business closures across the nation. Much of 2009 may be the same, and the City must take the necessary steps now to assist and support the small business community. With the appropriate steps taken now, local businesses will be positioned to move forward as the economy strengthens. These businesses are critical to Oakland's employment base and provide major contributions to the overall tax base. It follows that the more we support our business community, the more we benefit as a City.

Environmental: There is no impact on the environment from this program.

Social Equity: The establishment of a Business Assistance Center will offer the business community, residents, and prospective business owners the opportunity to receive information and have access to City Staff and Departments on a consistent basis. By doing so, it helps businesses better understand and undertake the tasks necessary for them to be successful.

DISABILITY AND SENIOR CITIZEN ACCESS

The proposed location for the Center at 250 Frank H. Ogawa Plaza has a ground floor entrance and is wheelchair accessible. There is a parking lot directly across the Plaza from the site, and ground transportation and public transit are within one block of the Center

RECOMMENDATION AND RATIONALE

Staff recommends that the City Council accept this report, provide direction on the proposed implementation, plan, and authorize staff to move forward with budgetary and operational components of that plan to establish a Center.

City Council is requested to support one of the below listed operational and staffing structures for the BAC:

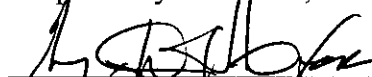
City Council is requested to support one of the below listed operational and staffing structures for the BAC:

- Two full time Economic Development staff (1 UEA IV and 1 UEA I, both existing).
- Two full time Economic Development staff (1 UEA IV (existing position) and 1 UEA I (new position), and the contracting of a Business Support Organization for on-site non City assistance and referral services.

ACTION REQUESTED OF THE CITY COUNCIL

Authorize staff to move forward to identify funding sources and seek funding for staff and operational costs. Authorize the staffing structure the Council would like staff to pursue. It is requested that City Council authorize staff to begin the solicitation for a qualified Business Service Organization to assist with the operations of the Business Assistance Center.

Respectfully submitted,



Dan Lindheim, Director

Community and Economic Development Agency

Reviewed by: Gregory Hunter, Deputy Director
Economic Development and Redevelopment

Prepared by: Michael McPherson
Urban Economic Analyst

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:



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