



CITY OF OAKLAND

AGENDA REPORT

TO: Jestin D. Johnson
City Administrator

FROM: Ashleigh Kanat
Director, Economic and
Workforce Development
Department

SUBJECT: Amendment to Economic
Development Administration Grant for
Small Business Technical Assistance

DATE: May 14, 2024

City Administrator Approval 
Jestin Johnson (May 16, 2024 21:01 PDT)

Date: May 16, 2024

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution:

Amending Resolution No. 89018 C.M.S. To Authorize The City Administrator To Take The Following Actions Related To Providing Small Business Technical Assistance:

(A) Amend Grant Agreements For An Extended Term Until September 30, 2024, Between The City And Merriwether & Williams And The Black Cultural Zone Community Development Corporation; And

(B) Amend The Grant Agreement Between The City And The Spanish Speaking Unity Council To Increase The Initial Not To Exceed Amount By An Additional Thirty-Seven Thousand Five Hundred Twenty-Nine Dollars (\$37,529) And Extend The Term Until September 30, 2024

EXECUTIVE SUMMARY

On February 1, 2022, the City Council accepted and appropriated One Million Dollars (\$1,000,000) awarded to the City of Oakland (City) by the U.S. Department of Commerce's Economic Development Administration (EDA) for the purpose of providing economic adjustment assistance grant funds (C.M.S. No. 89018) for a term of two years. On March 4, 2024, the EDA granted the City's request to extend the performance period of the grant by six months until September 30, 2024. An additional \$37,529 of available EDA funds is being proposed to be allocated to the Spanish Speaking Unity Council's existing agreement to provide capacity building (\$25,529) and technical assistance (\$12,000) for contractors.

Staff is recommending approval of the proposed amendment to the resolution to authorize the City Administrator to amend grant agreements for an extended term until September 30, 2024. The proposed extension would allow for the City to draw down the remaining grant funds of \$380,890.82, for grantees to satisfy the deliverables of their contracts with the City, and for the City to close out the grant in good standing with the EDA. This action does not change the entities already selected through the competitive RFP process, nor does it change the total amount of the EDA grant received or the amount of the professional services agreement. It

CED Committee
May 28, 2024

reallocates the technical assistance funding that was intended for capacity building for contractors and business workshops to the Spanish Speaking Unity Council because the Unity Council has the technical capacity to deliver the contract deliverables. This action also extends the term of the grant agreement by an additional six months until September 30, 2024, as authorized by EDA and allows for the grantees to recover expenditures accrued in the execution of the contract.

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 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 with 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, with \$500,000 to be used for a small contractor training program and the remaining amount to be used for small business technical assistance through the community partners.

Subsequently, for the small 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 small construction contractors.

Since then, staff has been working to administer the grants funds, scope of services and the completion of the grant deliverables.

EDA Grant Proposal/Project Overview:

Building upon the 2014 EDA-supported San Francisco Bay Area Comprehensive Economic Development Strategy (CEDS), the City proposed a multi-pronged, small business 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 Opportunity Zones (OZ) 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 historically disadvantaged communities, including Black and Latinx residents (see Resolution No. 88146 C.M.S. adopted on June 2, 2020).

The intent of the 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 uses the \$1,000,000 in funding to achieve these key objectives as follows:

1. The City partnered 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 emerging 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 contractor assistance program by providing much-needed technical support services to help the businesses navigate the various requirements to successfully bid on construction contracts.
3. Each of the key objectives is described further below.

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

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

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 trusted 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 Small Emerging Contractors

As the City seeks to broaden and develop its contractor pool, concern about equity and accessibility of the process to small contractors was identified in the City's Race and Gender Disparity study.¹ In response to this identified need, the program seeks to provide more business support for small construction contractors to prepare them to bid on numerous public and private developments in Oakland and the greater Bay Area. This is especially 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 entered 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 small contractors by providing technical support services to help them successfully bid on construction contracts for capital improvement projects. The program provides 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.

¹ <https://cao-94612.s3.amazonaws.com/documents/City-of-Oakland-Draft-Disparity-Study.pdf>

As part of the scope of work, Merriwether Williams and their sub-consultant, Andrea Lowe Consulting established a “local/small 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 small contractor training. Approval of the requested action advances the Citywide priority of **housing, economic, and cultural security**. **Figure 1** offers a summary of the authorized uses of EDA funds and the level of funding allocated for each use, which is also explained in further detail below.

Figure 1- Authorized Use of EDA Grant Funds

Proposed Use of EDA Grant Funds	
A) Technical Assistance for Small 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) Capacity Building for Contractors	\$25,529
4) Business Workshops	\$12,000
C) City Administrative Fee Allowance	\$62,071
TOTAL EDA FUNDING	<u>\$1,000,000</u>

A. Technical Assistance for Small Construction Contractors

Providing technical assistance for small construction contractors is a 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 are being bolstered by an additional \$500,000 from the EDA grant.

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 emerging construction contractors to submit competitive bids on public projects.² The proposed services will also result in increasing

² <https://oakland.legistar.com/LegislationDetail.aspx?ID=5145661&GUID=697C09EA-89B3-4086-B8CF-B0FD1A90420F>

the pool of the City's local/small local business enterprise (L/SLBE) program by adding additional small and emerging 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 required formal bidding for the small construction contractor portion of the grant, and after completing the RFP process, staff executed 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 small construction contractors for a 2-year term with no option to renew. The grantee requires a grant term extension to complete this scope of work.

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. The Unity Council and Black Cultural Zone require a grant extension to complete their respective scopes of work.

C. Staff Administration Costs

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

FISCAL IMPACT

Extension of the EDA grant term to September 30, 2024, would allow for the City to draw down the remaining grant funds of \$380,890.82, for grantees to satisfy the deliverables of their contracts with the City, and for the City to close out the grant in good standing with the Economic Development Agency.

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 2020³ and subsequent business outreach conducted as part of the recently adopted Economic Recovery Plan,⁴ small business financial resources and technical assistance have been identified as foundational tools to support the City's equitable economic recovery.

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 the original staff report to authorize this grant. In addition, the Department of Workplace and Employment Standards supported the contract RFP process and continues to partner on project implementation.

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 historically disadvantaged communities, including 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.

³ https://cao-94612.s3.amazonaws.com/documents/Final-ERAC-Report_feb26-web-small_2021-02-26-213536.pdf

⁴ https://cao-94612.s3.amazonaws.com/documents/Economic-Recovery-Plan_FINAL.pdf

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 small 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:

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For questions regarding this report, please contact Cristy Johnston Limon, EWDD Deputy Director, at (510) 238-6193.

Respectfully submitted,

Ashleigh Kanat

Ashleigh Kanat (May 16, 2024 15:26 PDT)

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Prepared by:

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