



FILED
OFFICE OF THE CITY CLERK
OAKLAND

2015 SEP 17 PM 12:52

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Mark Sawicki
Director, EWD

SUBJECT: Economic Development Activities
Q2, 2015 Information Report

DATE: September 4, 2015

City Administrator Approval

Date:

9/17/15

RECOMMENDATION

Staff recommends that the City Council accept:

An Informational Quarterly Tracking Report On Economic Development Activities Including Actions Related To The Preparation Of The Economic Development Strategy For The City Of Oakland.

EXECUTIVE SUMMARY

This report covers the period from April 1 to June 30, 2015. It responds to the Community and Economic Development (CED) Committee's request for a standing quarterly report to track economic development activities and actions regarding the preparation of the Oakland Economic Development Strategy.

BACKGROUND / LEGISLATIVE HISTORY

This is an informational report, provided on a quarterly basis, to City Council.

ANALYSIS AND POLICY ALTERNATIVES

Attachment A summarizes the activities of the Economic Development unit of EWD. This includes:

- highlights of our individual business development activities April- June;
- activity involving the State tax incentive programs (Cal Competes);
- strategic initiatives and program highlights;
- outreach and city promotion efforts; and
- Business Assistance Center (BAC) activities.

Item: _____
CED Committee
September 29, 2015

FISCAL IMPACT

This item is for informational purposes and does not have a direct fiscal impact or cost.

PUBLIC OUTREACH / INTEREST

Public outreach efforts are included in **Attachment A** "Outreach/Promotional Activities" section of this report.

COORDINATION

Economic Development Division staff coordinates many of their activities and business interactions with other departments, including but not limited to: Workforce Development, Marketing and Cultural Arts, Project Implementation, Planning and Building, Public Works, Oakland Fire Department, Oakland Police Department, and other agencies of the City.

SUSTAINABLE OPPORTUNITIES

Economic: Economic Development activities spur economic growth in the City.

Environmental: Economic Development activities include encouragement of sustainable business practices, and encouragement and support of green and clean tech businesses.

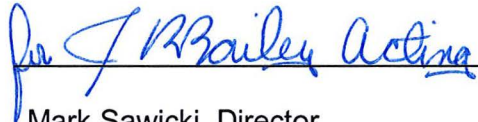
Social Equity: Economic Development activities encourage and support job creation within the City of Oakland, which will benefit Oakland residents.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council accept this **Informational Quarterly Tracking Report On Economic Development Activities** including actions related to the preparation of the Economic Development Strategy..

For questions regarding this report, please contact Zach Seal, Economic Development Specialist at (510) 238-2937.

Respectfully submitted,



Mark Sawicki, Director
Economic and Workforce Development
Department

Reviewed by: Margot Lederer Prado
Senior Economic Development Specialist

Prepared by: Zach Seal
Economic Development Division Staff

Attachments:

Attachment A: Economic Development Staff Activities, 2nd Quarter (April-June) 2015

Attachment B: Oakland Economic Development Indicators, 2nd Quarter (April-June) 2015

Attachment A: April June (2nd Quarter) 2015 Economic Development Activities Summary

The Economic Development Division of the Economic & Workforce Development Department is responsible for citywide business recruitment, retention, and expansion through two primary approaches:

- Targeted services in key sectors: Clean & Green Tech, Tech, Retail Development, Industrial Development & Manufacturing, Health Care & Wellness, Creative Industries, and Trade & Logistics.
- Business Development Programs: Business Improvement Districts/Community Benefit Districts, Business Assistance Center, Tax Incentive Program, Recycling Management Development Zone, Broadway Shuttle, International Trade Program, and the Oakland Foreign Trade Zone.

Business Development Highlights

Company	Sector	Client Type	Location	# Employees	Notes
Revolution Foods	Manufacturing Food & Beverage	Future Expansion 2016	Airport Business Park	100	Ongoing support for growth of Revolution Foods kitchen production complex in Oakland.
Juniper Ridge	Manufacturing: Cosmetics	Future Expansion 2016	North Oakland presently	40	Expansion and or consolidation of their activities: office/administration, warehouse, and production.
OCHO Candy	Manufacturing: Food & Beverage	Relocation expansion Summer 2015	West Oakland	50	Assisted with building permits for expansion and automation of processes.
Blossom Foods	Manufacturing: Food & Beverage	Attraction of business from SF for food production	West Oakland	30	Assisted in lease search and process, thereafter with building permit submittal.
The Crucible	Industrial Custom Manufacturing & Education	Expansion into adjoining building.	West Oakland	50	Assisted in potential expansion, planning processes, future sub-tenant referrals, The Crucible expansion.

Attachment A: April June (2nd Quarter) 2015 Economic Development Activities Summary

Wag Hotel	Personal Services- pet care	Attraction - expansion into Oakland.	Jack London Waterfront Mixed Use District	40	Met with property owner and Wag Hotels about their buildout, and circulation and workforce issues for their new pet day and overnight care facility.
Ghosttown Brewery	Manufacturing Food & Beverage	Expansion of activities	West Oakland	7	Guided business on opening of a Tasting Room, and guidance on community outreach.
Transmosis/ Unity Council	Tech	New Business	Fruitvale	N/a	Unity Council looking for investor to rehab historic former Masonic Temple and create startup incubator. Partnership with Transmosis to establish tech training linked to placement with tenants. Referred to financing possibilities.
DevLabs	Tech	Expansion	Downtown	Varies— Accelerator	Follow up on Oakland promotion at Summit of the Americas/Startup Jamaica; Venezuelan startup TeachLR will open US HQ in Oakland in 2015.
Google for Entrepreneurs	Tech		Various	Varies—invests globally	Will likely partner with new Kapor Center for Tech & Social Impact. Tour of Co-working spaces and accelerators with Mayor.
TechLiminal/ LearnTech Labs	Tech	New Business	TechLiminal at 12th and Clay	n/a	LearnTech labs—Oakland's first for-profit Coding Academy, opening August. Requested and received creation of scholarship opportunity for low-income Oakland residents.
Sungevity	Green & Cleantech	Expansion	Jack London Square	500+	Staffed meeting with Mayor Schaaf and top level staff at Sungevity; also followed up with key staff regarding company expansion into small scale commercial solar niche.

Attachment A: April June (2nd Quarter) 2015 Economic Development Activities Summary

GreenBiz.com	Green & Cleantech	Retention/expansion	Downtown	30	Assisted with complex adjustment and apportionment of business license tax for this Oakland grown, influential media and “thought leader” in the green and cleantech field.
SfunCube	Green & Cleantech	Expansion	Downtown	Solar incubator/ Accelerator housing ~20 startup firms with 100+ employees	Promotion of Hack the Sun hackathon; helped to land co-founder Danny Kennedy as keynote for April 21 CleanTech Open event at the Impact Hub attended by 80 individuals.
Vigilent	Green & Cleantech	Expansion	Downtown	80+	Invited and featured founder Cliff Federspiel of this data center cooling efficiency leader as panelist at April 21 Cleantech Open event (see above).
Building Robotics	Green & Cleantech	Expansion	Downtown	20	Invited and featured VP and Founder Lindsay Baker of fast growing startup working on “personalized HVAC” and other products as panelist for April 21 Cleantech Open event (see above).
UtilityAPI	Green & Cleantech	Expansion	Downtown	5+	As follow up to Mayor’s Solar Roundtable from 2/15, connected this SfunCube-based, energy data mining startup with City Energy Engineer to provide energy performance data for most City facilities.
Fitness Client	Retail	Expansion	Broadway Valdez	5	Continue to assist client with expansion planning, identify and screen prospective locations.
Kingfish	Retail	Expansion	Temescal	10	Continue to assist client with expansion of historic bar, relocation of historic building structure, work

Attachment A: April June (2nd Quarter) 2015 Economic Development Activities Summary

					through approvals from Building and Fire.
Lakeshore Produce	Retail	Retention	Lakeshore	5	Provided Cambodian/English translator to ensure that client is aware of City services, entitlement process, lease terms.
Umami Mart	Retail	Retention	Old Oakland	5	Continued to work with client who seeks to expand product offerings to include more space devoted to alcohol, which will require additional zoning approvals.
Cinema Client	Entertainment	Attraction	To be determined	To be determined	Provided client with site information.

TOTAL ESTIMATED JOBS:

342

Q2 2015 State Tax Incentive Program Activity

<p>California Competes Tax Credit Program: Governor's Economic Development Initiative (3rd Statewide round of \$69 million)</p> <p>July 20, 2015, through April 6, 2015 \$75 million in tax credits available (Plus any unallocated amounts from the previous application periods)</p>	<p>Further bolstering the California economy, the Governor's Office of Business and Economic Development (GO-Biz) announced on June 18, 2015, that the California Competes Tax Credit (CCTC) committee approved approximately \$38 million in tax credits to 62 companies expanding and creating jobs in California. The awards will help these companies create a projected 10,286 jobs and generate over \$2.7 billion in investment across California. <u>Included were 2 Oakland companies: Rockbot, Inc. awarded \$3.5 million and Kemeera Incorporated awarded \$375,000</u></p>
--	---

Q2 2015 Strategic Initiatives & Economic Development Program Highlights

Oakland Business Promotion:

- Presented at the National Investment Bankers Association summer conference in LA “Oakland’s Specialty Food Industry”
- Created final text and photos for the creation of the new Westoaklandworks.com website, using WP Engine as the hosting platform. Publication estimated for September 1, 2015.
- Renewed advertising relationship with the Chinook Book, which promotes over 80 Oakland businesses offering local, organic, or green products.
- Provided retail input to Chinook Book representative.

Oakland Business Retention Programs:

- Provided direct outreach and follow up to approximately 30 businesses vandalized in the aftermath of political demonstrations on May 1, including more intensive outreach and assistance to 10 of the most heavily impacted businesses, and smaller, independent merchants; businesses were concentrated in Chinatown and on Auto Row on upper Broadway.
- Attended Coliseum Business Alert and AABA meetings.
- Worked on East Oakland Trucking Study, and facilitated Business Alert meeting with logistics companies
- Met with sewing garment companies on workforce issues.

Oakland/Berkeley Recycling Market Development Zone (RMDZ) Program:

- Helped to plan and attended Semi-Annual ZoneWorks training event in Sacramento.

Oakland International Trade and Foreign Trade Zone # 56 Program:

- Created expansion application for Foreign Trade Zone Board and Operator Agreement
- Worked with PWA on Service Area Map exhibit and obtained Customs Border Protection (CBP) concurrence on same
- Worked with Keurig Green Mountain on Sub-zone Application, obtained FTZ Board approval, pending Customs approval for activation
- Promoted FTZ 56 to local Oakland and East Bay users through East Bay Economic Development Alliance.

Attachment A: April June (2nd Quarter) 2015 Economic Development Activities Summary

Oakland Makers & Manufacturing:

- Held Quarterly Meeting (50 in attendance) in April with Mayor Schaaf on Made in Oakland branding- circulated survey. Worked with Mad Dogs & Englishmen on potential branding budget and scope.
- Held Food & Beverage Made in Oakland manufacturers' focus group on Made in Oakland branding.
- Held Small Business Week "Oakland Makers Day of Workshops" with over 75 participants.
- Researched and supported "Maker Education" grant with Peralta.edu and Maker Ed (Oakland-based, national group).
- Presented to the local meeting of the American Sustainable Business Council meeting at Back to the Roots, Oakland.

Broadway Shuttle:

- Updated Broadway Shuttle collateral materials: downtown map, brochure and restaurant guide (with new Wine Tasting section) were printed; installation and distribution to downtown offices and businesses will occur in the 3rd quarter.
- Broadway Shuttle 2nd Quarter ridership was over 2,600 each weekday.

Broadway Transit Circulator:

- The Alameda County Transportation Commission has allocated \$100,000 to study the feasibility of creating a value capture district (i.e. Business Improvement District or Community Facility District) on Broadway, and whether such a district could financially support a portion of the capital and/operations of an enhanced Broadway Shuttle or electric streetcar as a catalyst for economic development along the corridor. Staff is preparing an RFP for this study and will recommend a consultant to the City Council this Fall/Winter.

Regional Economic Development Initiatives:

- Participated in the Bay Area Regional Goods Movement regional discussion.
- Participated in Bay Area Regional Prosperity Plan as a presenter at the "Capstone Conference" In Oakland.
- Participated in MTC-ABAG sponsored Industrial Priority Development area base research and Board presentation.
- Participated in two Logistics Cluster meetings for the "Design It Build It Ship It" community college initiative.
- Selected to present two panel presentations to California statewide American Planning Association annual conference:

Attachment A: April June (2nd Quarter) 2015 Economic Development Activities Summary

Food Cities/Food Economy in Oakland and SF”; “Oakland Makers Panel”, for October 3-5th 2015 Conference at Oakland Marriott.

- Met with Dennis Freeman, new staffer at East Bay Economic Development Alliance, to provide information on Oakland economic and retail development.

Oakland Retail Development Program:

- Met with CM Campbell Washington re D4 retail vacancies and opportunities.
- Served on planning committee for International Council of Shopping Centers Alliance annual Northern California event, and presented two Broadway Valdez development projects at the event.
- Served on planning committee for Oakland Retail Forum.
- Provided input on upcoming Mobile Food Vending ordinance.

Bus Rapid Transit (BRT) Business Impact Mitigation Program:

-

Multi-Departmental Area Response Team Meetings:

- Participated in monthly meetings of District One (West Oakland) interdisciplinary team, facilitated by Cao’s office.

Community Benefit District (CBD) and Business Improvement District (BID) Program:

- Collective disbursement of \$1,968,526.55 to eight citywide BIDs (Koreatown/Northgate CBD \$125,889.98; Lakeshore/Lake Park BID \$63,954.52; Laurel BID \$95,185.98; Temescal /Telegraph BID \$216,376.09.14; Jack London Improvement District \$272,985.36; Fruitvale BID \$133,630.98; Downtown Oakland CBD \$487,842.39; Lake Merritt/Uptown CBD \$459,809.39; Rockridge BID \$70,056.76; and Montclair BID \$42,795.10).
- Resolution of Intention (#85551 C.M.S.) to form a proposed Laurel Business Improvement District 2016 adopted on 5/11/15 (estimated revenues of approximately \$2.294 million over 10 years).
- Participated in Lake Merritt Business Association meeting. LMBA is considering creating a BID.

Developer & Investor Facilitation Services:

- Worked with SKS Investments, PS Storage and others on real estate opportunities in Oakland.

Attachment A: April June (2nd Quarter) 2015 Economic Development Activities Summary

- Met with developer looking to create store for national comparison goods retailer on City-owned property. Drafted closed session report.
- Provided sales tax and DMV license plate data to Durant Square retail consultant.
- Provided context and background to HP Investors, new investor/developer in Oakland purchasing multiple sites.
- Provided retail input on T5-T6/Strada project and Parcel 4 proposals.
- Toured Retail West broker new to Oakland.

Q2 2015 Outreach/Promotion Activities

Economic Development Strategy:

- Contributed to manufacturing, arts focus groups.
- Met with Democracy Collaborative representatives who are working with local “anchor institutions” including hospitals, the Port of Oakland, and educational institutions to development procurement and workforce development initiatives for low income individuals.

Clean Tech/Green Industry Events:

- Helped to plan and invite speakers for April 21 Cleantech Open business briefing “Building the New Clean Energy Economy”, featuring Sungevity’s Danny Kennedy, Vigilant’s Cliff Federspiel, and Building Robotics’ Lindsay Baker, and attended by an audience of ~80 at the Impact Hub.
- Helped to promote the Repair Fair organized by the Sustainable Business Alliance and featuring local repair businesses.

Business Events:

- Assisted in the Opening of National Small Business Week, Business Legacy Awards, and planning week-long events.
- Vator Splash Oakland: Panel and Uptown Innovation Hub Walking tour
- Panel on local accelerators with DevLabs, ZooLabs, SfunCube and Uptima Business Bootcamp; Oakland Local coverage; new startup connections including PlayfulBee (online preschool); connect with NewCo to plan inaugural NewCo Oakland business festival October 8th.
- Oakland Blacks in Tech Summit – Economic Development staff speaker.
- Economic Development staff speaker at event sponsored by Kapor; follow up with Merritt College, Clef, Local startups, Urban

Attachment A: April June (2nd Quarter) 2015 Economic Development Activities Summary

Strategies Council for organizing and promoting diverse tech pipeline organizations.

Business Alert Programs:

- Managed three West Oakland Business Alert meetings.
- Created Upper Wood Street Target Area, in response to interest of larger regional entities, agencies, and local businesses.
- Worked on targeted West Oakland nuisance property abatement activities.
- Received for \$50,000 from MTC Freight Corridors funding for engineering work on Upper Wood St through PWA

Q2 2015 Business Assistance Center Activities

Total Clients Served: 841

Workshops:

- ② April – Bay Area Business Roundtable
- ② May - Oakland Small Business Week-Access to Capital Workshop – Over 150 attendees
- ② June – Heartlands Merchant Association – Presentation
- ② BAC Co-Sponsored four Alameda County SBDC Workshops

Kiva Zip Program

The City of Oakland (BAC) endorsed 2 local candidates for Kiva Zip Loans. Both individuals were disbursed loans in the amount of \$5,000 & \$10,000 respectively. The City of Oakland is now the 8th highest producer of Kiva Zip loans in the country, tops on the West Coast.

Legal Clinic

Small business owners and micro entrepreneurs in Oakland seeking business legal support in their community, but who cannot afford it, now have a resource in a new business law clinic. Lawyers' Committee for Civil Rights of the San Francisco Bay Area's Legal Services for Entrepreneurs program (LSE), which helps entrepreneurs develop sustainable businesses that invest back into the community, create local jobs, and provide goods and services to local residents, joined forces with the City of Oakland's Business Assistance Center (BAC) in April 2013 to host the free Monthly Clinic. The monthly clinic, staffed by *pro bono* attorneys from the Bay Area's top legal firms, provides free legal advice to small businesses in the form of 30-45 minute individual consultations in English, Spanish, Vietnamese, and other languages.

Attachment A: April June (2nd Quarter) 2015 Economic Development Activities Summary

- **WORKSHOPS:** Topics address a range of legal issues entrepreneurs face when starting or growing a business, including business entity formation, hiring 101, commercial leasing basics, and intellectual property.
- **CLINICS AND CONSULTATIONS:** We offer one-on-one attorney consultations to entrepreneurs who have legal questions related to a start-up or existing businesses in Oakland, San Francisco, and throughout the Bay Area.
- **ATTORNEY MATCHING:** In partnership with Bay Area law firms and corporate legal departments, entrepreneurs in need of legal assistance are matched with experienced business attorneys who provide their services free of charge. Some examples of the types of business law matters we will help with are: entity formation, commercial leases, employment issues, customer and supplier contracts, trademarks, and patents.

<u>LEGAL CLINIC</u>	
<u>Date</u>	<u>Clients Served</u>
April 2015	16
May 2015	16
June 2015	16
<u>TOTAL:</u>	48

Oakland Business Assistance Center Referral Breakdown:

841 Client Services Breakdown:

- Business License/Tax – 321
- Zoning/Permits/Bldg. Services- 89
- Fictitious Name – 81
- OBDC – 35
- CoStar Queries – 9
- Flowcharts –106
- Seller's Permit – 76
- Alameda County SBDC – 54
- SCORE – 40
- KIVA - 29



Quarterly Economic Dashboard Q2 2015 April-June

Employment

Unemployment Rate

5.7%

Last Year: 9%

Employment

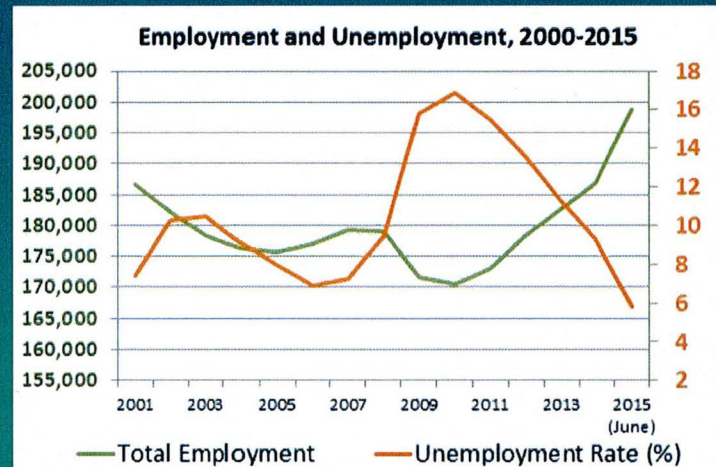
197,533

Last Year: 184,933

Labor Force

209,533

Last Year: 202,833



Did you know ?

Oakland's unemployment rate used to be substantially higher than the County and the State. It is now approaching Alameda County's unemployment (4.6% in June 2015) and lower than the California unemployment (6.3%). The U.S. unemployment rate is 5.3%, down from 6.2% last year.

Oakland Jobs by Sector, 2014



- Health Care (21%)
- Transp./Logistics (15%)
- Prof. Services & Mgmt (11%)
- Education (11%)
- Leisure and Hos.. (10%)
- Retail (6%)
- Admin Support &.. (5%)
- Other Services (4%)
- Public Administration (4%)
- Manufacturing (4%)
- Finance, Insura.. (4%)
- Construction/Na.. (4%)
- Information (1%)

The tech economy includes the Information sector as well as related jobs in other sectors, such as digital advertising or engineering. City of Oakland estimates total tech employment in Oakland as 8,642 jobs.

Quarterly City Revenues



Sales Tax
\$10,497,620
(Q1 2015)

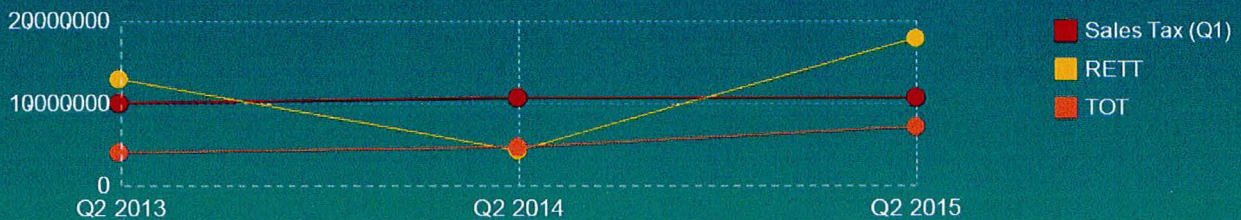


Real Estate
Transfer Tax
\$17,599,350



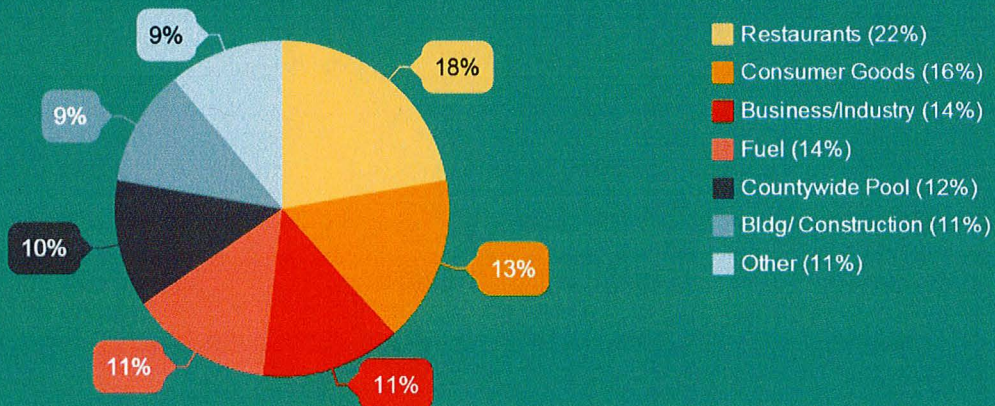
TOT Tax
(Hotels)
\$6,968,000

Q2 Revenue Streams, 2013-2015



Sales taxes decreased slightly since last year, while Real Estate Transfer Taxes rose. The Transient Occupancy Tax, based on hotel occupancy, rose more than 50% over this time last year. Due to the time needed for collection and analysis, sales tax reporting lags one quarter and is reported here for Q1 2015.

Sales Tax Revenue By Source



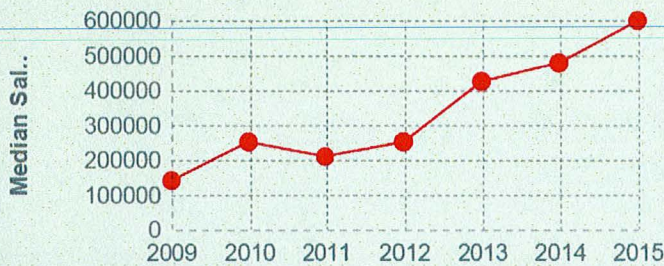
Total Fiscal Year 2014-2015 Revenues

	FY 2012-2013	FY 2013-2014	FY 2014-2015 *UNAUDITED	FY 2014-2015 Change
Property Tax	\$ 154,141,784	\$ 142,823,340	\$ 157,797,345	10%
Annual Business License Revenue	\$ 60,370,883	\$ 62,905,126	\$ 66,800,000	6%
Real Estate Transfer Tax	\$ 47,406,127	\$ 59,059,973	\$ 62,568,869	6%
Sales Tax	\$ 48,817,907	\$ 49,761,088	\$ 52,045,589	5%
Transient Occupancy Tax	\$ 12,237,605	\$ 14,302,522	\$ 21,570,624	51%

Sources: City of Oakland Revenue Department, HdL Companies

Residential Real Estate

Median Single Family Home Price



Zillow Rent Index-- All Homes



Commercial Real Estate

Industrial Vacancy: 3.6%
Rent/square foot: \$7.43
 East Bay: 6.2%, \$9.07

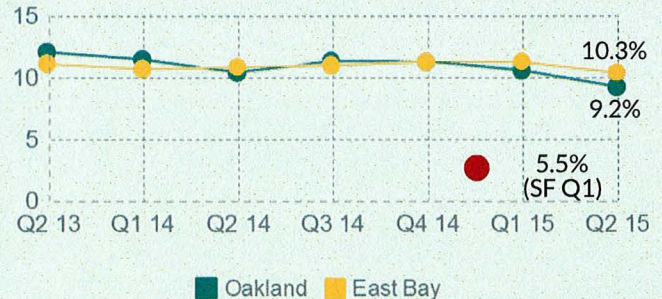
Office Vacancy: 9.2%
Rent/square foot: \$27.80
 East Bay: 10.3%, \$25.61

Retail Vacancy: 2.8%
Rent/square foot: \$22.56
 East Bay: 4.0%, \$22.16

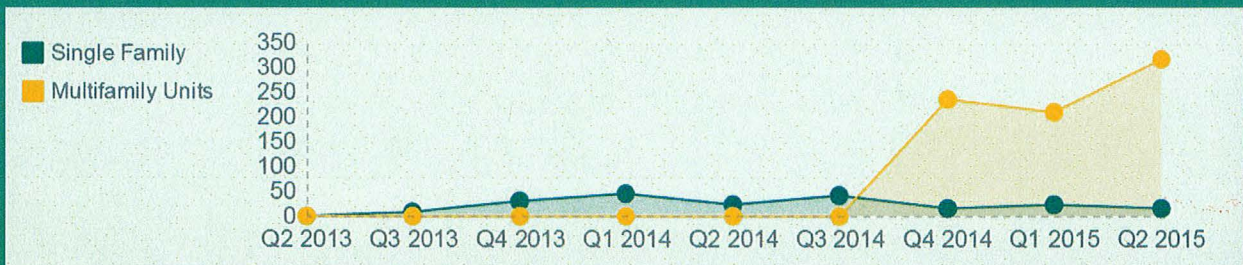
Office Average Rents/Square Foot



Office Vacancy Rates



Building Permits



Development Pipeline (Q1)

Units in pipeline are approved, under review or in pre-application discussion with the Planning Department.



Housing: 11,000 units in pipeline
 835 units under construction or recently completed



Commercial: 3.5 Million sf in pipeline
 681,000 sf under construction

Sources: HDL Companies, Zillow, CoStar Market Analytics, City of Oakland Planning & Building Department.
 Dashboard Compiled by Economic and Workforce Development Department. Contact: mraya@oaklandnet.com