



CITY OF OAKLAND ECONOMIC RECOVERY PLAN

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Economic & Workforce Development
Department
City of Oakland

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As Oakland emerges from the COVID-19 pandemic, this Economic Recovery Plan is a blueprint for identifying short-term goals over the next year to guide an equitable recovery and inform the City's next Economic Development Strategy. The goal is a more equitable and inclusive economy that works for all Oaklanders. Prior to the pandemic, Oakland had moved just 2% towards our adopted economic goal of increasing Black and Latino household wealth.¹ The impacts of COVID and the economic shutdown on Black and Latino households and on women means their incomes and wealth-building must be centered in recovery.

¹ City of Oakland's adopted goal is to reduce Black and Latino asset poverty by 50%.

Source: Economic Development Strategy, Prosperity Now: <https://www.oaklandca.gov/projects/economic-development-strategy>

The growing wealth gap between women and people of color compared to men and white populations constrains the overall growth of the economy. According to reports by McKinsey & Company and the Kellogg Foundation, closing the national gap between Black and white wealth creation by eliminating racial disparities in health, education, incarceration and employment could add \$1 trillion to the U.S. economy by 2028 and \$8 trillion by 2050.² For a majority people-of-color city like Oakland, closing racial disparities in business ownership, business revenues, and income is a core strategy for economic growth.

The City of Oakland's 2018-2020 Economic Development Strategy established three high-level objectives: increasing economic productivity, improving economic security, and reducing racial wealth disparities.³ The COVID-19 pandemic had a profound impact on Oakland's economy and shifted the City's Economic & Workforce Development Department's (EWDD) focus to emergency response - supporting Oakland's small businesses, nonprofits, artists, and vulnerable workers during the pandemic.

This Economic Recovery Plan is a one-year action plan grounded in the unique circumstances of COVID-19, with the goal of applying the lessons learned from the pandemic to direct EWDD's priorities during this

crucial recovery period and inform the City's next three-year Economic Development Strategy, which will be released in 2022.

EWDD is building on the foundation established by the Oakland Economic Recovery Advisory Council (OERAC) and the COVID-19 Racial Disparities Task Force, two large and diverse advisory groups that helped the City of Oakland make immediate responses throughout the pandemic.⁴ OERAC and the COVID-19 Racial Disparities Task Force produced numerous policy recommendations that shaped ongoing actions in Oakland, including health and safety measures, the Oakland Resilient Families Guaranteed Income pilot,⁵ and flexible business use of public space through the Flex Streets program. These recommendations also guided how the City distributed funding from the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act.

This Economic Recovery Plan distills the OERAC recommendations into five immediate priorities to act on over the next year, with an emphasis on closing race and gender disparities and helping Black, Indigenous and People of Color (BIPOC) and women-owned small businesses and lower-wage workers recover from the pandemic.

² <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters>; and <https://www.wkkf.org/resource-directory/resources/2018/07/business-case-for-racial-equity>

³ <https://www.oaklandca.gov/projects/economic-development-strategy>

⁴ <https://www.oaklandca.gov/topics/oakland-economic-recovery-advisory-council>

⁵ Program run by UpTogether (formerly the Family Independence Initiative). <https://oaklandresilientfamilies.org/>

Community Voice

An equitable recovery leads with those who have experienced and survived the most severe impacts of the pandemic. In addition to the Oakland Economic Recovery Advisory Council, 10 business service organizations, including Oakland’s multicultural chambers of commerce and Visit Oakland, 48 small businesses (72% owned by people of color and 64% women-owned) and three community service organizations across the city (East, Downtown, and West Oakland) contributed their ideas for this recovery plan.

In 2020, EWDD staff and CARES Act-funded community partners worked with 2,823 local businesses to provide guidance on how to apply for funding and stay open safely through the pandemic. Nevertheless, many business owners reported a lack of contact and support. This report prioritizes deepening the City’s outreach and response.

Our Engagement Results:

- Despite the hardships, small and mid-size businesses are "optimistic" (average rating of 2.8 out of 5) of a positive national economic recovery over the next 12 months.
- Many businesses still have not received Federal, State, or local stimulus funds, some due to a lack of the required financial and other documents.
- Small businesses stated their top priorities as:
 1. Financial Assistance (grants/loans)
 2. Public safety
 3. A City-wide “Think Oakland First” marketing plan

“Economic Development means circulating dollars locally, buying locally, supporting Black and Brown businesses and helping people sustain livelihood in the city.”

Oakland Youth Advisory Commission

Our city should capitalize on the relative optimism of small- to mid-size businesses by advancing programs and initiatives that deliver measurable progress. Businesses need more types of creative, low-barrier financing, such as low interest revolving loan funds, forgivable and bridge loans, guarantees, and equity investments. Through the work of the Cultural Affairs Division, the City can also help to build social cohesion and community healing and strengthen community resilience through cultural activities. Many of our nonprofit partners have a similar interest in building demand and investment. EWDD will tap into these channels to kick start the recovery.

The Nation's Economic Recovery: Oakland's Role and Opportunities

The top growing industries in the nation's economic recovery include Healthcare and Information Technology (IT) fields such as Data Science, Software Development, and Artificial Intelligence (AI). Data scientists supported the increased demand for remote business operations during the pandemic, and companies who were forced to furlough employees used AI to keep up production. Post-pandemic, demand for software developers has continued to increase. According to the U.S. Bureau of Labor Statistics (2020), healthcare is currently both Oakland and the country's largest employer. Jobs in the healthcare industry are projected to be among the fastest-growing over the next decade, accounting for nearly one-fifth of all new jobs created between 2019 and 2029. In California, Healthcare, Construction, IT, and Hospitality are the fastest growing industries, and are also the training focus in Oakland's current Local Workforce Development Plan.⁶

Oakland's economy may also benefit from infrastructure investments in the American Rescue Plan. For example, the Federal infrastructure proposal as of June 2021 includes \$150 Billion for the Transportation Electrification Partnership, which could create 370,000 jobs in California. Alameda County currently leads the State in electrification employment and would be expected to capture a large share of that job creation.⁷

Nationally, Black and Latina women are the most likely to have lost employment, most in need of support during recovery, and face the most barriers to successful careers. Training programs, financial and social support, support for child and dependent care – and for the business owners and workers in those industries, often women of color - will continue to be essential building blocks for Oakland's equitable recovery. Oakland's participation in the Regional Recovery effort, joining the San Francisco Foundation and cities of San Jose and San Francisco, is informing the City's Recovery work and advocacy in these areas.

In response to the economic shutdown, the Federal government and State of California have made historic investments in small business, as well as towards a more equitable and inclusive recovery, with unprecedented budget allocations. Oakland small business owners have access to these investment dollars through programs such as the Paycheck Protection Program, Economic Injury Disaster Loan, Restaurant Revitalization Fund, Shuttered Venue Operators Grant, the California Small Business COVID-19 Relief Grant Program and the California Rebuilding Fund. Local recovery should

⁶ California Budget and Policy Center, East Bay Works Regional Plan 2021, Draft Oakland Local Workforce Development Plan 2021.

⁷ City of Oakland Decarbonization Workshop, June 2021, presentation from East Bay Community Energy.

leverage and maximize access to these funds and close gaps in their reach, which has been overwhelmingly concentrated in wealthy neighborhoods.⁸

City relief efforts last year prioritized businesses that were unable to access early rounds of PPP and other stimulus funding. More than 2,200 individuals, businesses and organizations at risk of displacement received nearly \$17.5 million in emergency funds through City CARES Act funded grant programs. Of the individuals receiving grants, more than 86 percent were people of color, and the recipients generally represented the racial and geographic diversity of Oakland.⁹ New data shows that recent PPP rounds in 2021 were more successful at reaching BIPOC and women-owned businesses than earlier rounds.¹⁰ However, more focused efforts are still needed to support businesses in deep East Oakland, particularly unbanked businesses, to ensure they benefit from future programs and access available capital.

⁸ “How PPP loans benefited the Bay Area’s wealthy, white areas more than those with large Black and Latino communities” by Shwanika Narayan, Nami Sumida and Lea Suzuki, San Francisco Chronicle, June 23, 2021, <https://www.sfchronicle.com/projects/2021/ppp-loans/>

⁹ City of Oakland Overview of CARES Act Expenditures, https://cao-94612.s3.amazonaws.com/documents/21-0402-CARES-Act-Info-Memo-with-attachments_2021-04-03-004652.pdf

¹⁰ “SBA’s Paycheck Protection Program reached more Black, women business owners in 2021” by Andy Medici, San Francisco Business Times, August 9, 2021. <https://www.bizjournals.com/sanfrancisco/news/2021/08/09/sba-ppp-loan-data-forgiveness-business.html>

Five Recovery Priorities

1: Financial Readiness and Stability – Equitable Small Business Support

Starting and sustaining a business takes courage, resources, and a support network. Many small businesses will require additional financial and technical assistance to recover from the COVID-19 economic downturn, especially businesses in arts and entertainment, retail, restaurants and those that rely on tourists, all of which were impacted heavily by the pandemic. From March to May 2020 there was a 41 percent drop nationally in the number of active Black business owners, and a 32 percent drop in active Latinx business owners. Immigrant business owners experienced a 36 percent drop nationally, and female business owners faced a 25 percent decrease.¹¹ While business activity has partially rebounded, the disproportionate impacts from COVID-19 by gender, race, and immigrant status have lingered.

To realize a more resilient recovery, the City should work to increase capital flow to BIPOC and women-owned small businesses and build their support networks. Oakland’s majority Black and Latino neighborhoods benefitted least from Federal Paycheck Protection Program and Economic Injury Disaster Loans, which favored large businesses with existing banking relationships.¹² Speakers of languages other than English and those without internet access could not apply for funds without support. The City will target support to these businesses with the goal of closing these racial disparities.

Research with Black and Latino business owners in deep East Oakland showed the need to build trust and support throughout the ecosystem, including with banks, the City, landlords, and suppliers. At the same time, East Oakland has a large cluster of community-minded social entrepreneurs working to support their employees and neighborhoods. To meet business owners in their communities, the City will explore new models for providing services embedded in the neighborhoods, including a new Remote Business Assistance Center pilot, using a hub-and-spoke model to continue to work with community partners.

Immediate Goal: Support small businesses in getting capital-ready to shrink racial and geographic gaps in access to stimulus, grant funding and other financing.

EWDD will focus on the following actions:

- Partner with CDFIs, Business Service Organizations (BSOs) and community-based

¹¹ Source: The impact of COVID-19 on Small Business Owners: Evidence of Early-Stage Losses from the April 2020 Current Population Survey; National Bureau of Economic Research; Working Paper 27309, June 2020

¹² <https://www.oaklandca.gov/resources/quarterly-economic-dashboard>

organizations to build awareness and provide pre-application technical assistance to BIPOC and women-owned small businesses to apply for specific Federal/ State/Local incentive programs, such as:

- California Rebuilding Fund.
 - Targeted and Supplemental Economic Injury Disaster Loan Grant Advances.
 - American Rescue Plan Investments in Childcare and other sectors.
 - California Small Business COVID-19 Relief Grant.
- Re-launch the City’s Revolving Loan Fund (RLF).
 - Pilot remote Business Assistance Centers to serve more businesses in the flatlands and grow trust in City business services.
 - Continue to work with the Revenue Department to gather disaggregated race and gender demographic business license data and track revenue increases for Oakland’s BIPOC and women-owned businesses.

Longer Term Goals: Grow Oakland’s Revolving Loan Fund to \$5M to offer:

- Bridge loans – low- or no-interest loans until longer-term loans come through
- Emergency microloans >\$10K
- Forgivable loans > \$5K
- Low-interest loans for growing enterprises, focus on women and BIPOC owners.

2: Equity in Contracting and Grant Making

Inclusive business participation in government procurement is an important way the City can help infuse income and jobs into the community. However, small businesses, many of which are BIPOC or women-owned, may find it difficult to access government contracting opportunities - contracting requirements may be onerous; liability insurance requirements may create a barrier; and cash flow requirements may make it infeasible for some small businesses to purchase materials and hire staff before being able to invoice the City for their work. It is often easier for small businesses to work as subcontractors to larger firms. The City's 2017 Race and Gender Disparity Study, which looked at data from 2001 to 2016, stated that "despite the Local and Small Local Business Enterprise (L/SLBE) Program's rigorous and aggressive race and gender-neutral goals, there is still a statistically significant disparity in the award of prime contracts to L/SLBE-certified African American businesses."¹³

Immediate Goal: Support the interdepartmental effort, led by the City Administrator's Office (CAO) and Department of Workplace and Employment Standards (DWES) (formerly Contracts and Compliance) to increase access for local BIPOC and women-owned businesses and nonprofits to participate in government contracts.

EWDD will focus on the following actions:

- Deploy U.S. Economic Development Administration (EDA) grant and the Council-directed Construction Resource Center (CRC) Grant to provide training for 60-70 local contractors over a two-year period. Track outcomes.
- Work with the Information Technology Department to identify funding for and develop a public directory of local businesses that is compatible with iSupplier.
- Partner with DWES to provide technical assistance for Minority Business Enterprises/Woman Business Enterprises (MBEs/WBEs) that want to become certified.
- Bring a recommendation for program changes to City Council by Fall 2021 to the Façade and Tenant Improvement grant program to remove access barriers and close racial disparities.

Longer Term Goals: Develop targets to close disparities in grants and contracting throughout City government and continue to evaluate departmental processes to remove barriers for small/ local BIPOC and women-owned businesses.

¹³ <https://cao-94612.s3.amazonaws.com/documents/City-of-Oakland-Disparity-Study.pdf>

3: Social Cohesion – Youth Engagement and the Creative Economy

The pandemic did not just hurt sales at local businesses and cancel cultural events; it kept Oaklanders away from each other and from the community-building connections and daily interactions that are essential to a vibrant, resilient city. EWDD’s Cultural Affairs Division, under the cultural plan goal of “Belonging in Oakland” is uniquely positioned to support this part of the recovery.

Cultural Affairs’ Neighborhood Voices grant program seeks to bring Oaklanders together to create and support a sense of belonging within a community, foster social connections that lift our spirits, feed our community well-being, and offer visions for our collective future. It affirms the voices of Oaklanders by supporting the expression, recognition and understanding of the array of diverse communities that make Oakland unique, vibrant, and resilient. With additional funding, Neighborhood Voices can both engage and employ more local youth and articulate our community ties. Grants should serve Oakland ZIP Codes which had the hardest impacts from both COVID and unemployment, including 94601, 94603, 94605, 94606, 94607, and 94621.

Immediate Goal: Engage BIPOC youth and cultural arts voices in recovery planning and strengthen internal and external partnerships to increase social cohesion and community resilience.

EWDD will focus on the following actions:

- Expand the Neighborhood Voices grant program to support arts and culture through 2022. Encourage and track applications from ZIP Codes 94601, 94603, 94605, 94606, 94607, and 94621, which rank high in Oakland’s Community Stressors Index.
- Develop a creative economy business focus by identifying and formalizing a partnership with one intermediary arts organization to provide business support for cultural organizations.
- Support the expansion and development of community markets that provide opportunities for vendors, artisans, artists, and makers. Support three new community markets and develop infrastructure to grow additional spaces.
- Streamline the special events process to encourage more arts, youth and other cultural events and remove barriers for BIPOC-led groups.

Longer Term Goal: Incorporate social cohesion as an economic development strategic goal with clearly defined outcomes and metrics.

4: Growing Demand and Investment

As the economy reopens, the City needs consumers to shop, spend, and dine locally to help retain businesses and grow sale tax revenues for the City. Business Improvement Districts (BIDs) and Business Organizations are essential partners in attracting shoppers and marketing local businesses. In addition, the City is uniquely poised to attract new business and development investment from outside Oakland to expand our local economy.

The pandemic did not diminish the City's strong fundamentals and advantages as a business location. During the pandemic, record levels of investment still flowed into Oakland and the East Bay: in 2020 alone, over \$906 million in venture capital was invested in Oakland firms, including in FinTech, HealthTech, CleanTech, and the Food Industry.¹⁴ In the City's industrial areas, the number of manufacturing jobs held steady for the last five years before declining in 2020, while cannabis, transportation and warehousing employment is steadily growing.¹⁵ The City's marketing efforts should target investment in businesses located in our industrial areas, which bring a higher proportion of accessible living wage jobs than businesses in commercial areas.¹⁶

Immediate Goals: Execute an expanded city-wide shop local marketing campaign to encourage consumers to spend their dollars locally. Develop a business attraction strategy focused on industrial lands. Support businesses through the permitting process.

EWDD will focus on the following actions:

- Run an expanded "Think Oakland First" year-round marketing campaign to encourage consumers to shop locally. Total social media, outdoor and print impressions: 6,800,000; Unique Web Page Visitors: 7,500.
- Develop a business attraction proposal to attract, grow, and stabilize core businesses in targeted locations.
- Work with the Planning & Building Department (PBD) to develop standard operating procedures and enhanced tools to help businesses navigate the permit process.
- Position Oakland for industrial innovation and expanded local manufacturing. Improve occupancy of vacant industrial sites by 10% over one year.

¹⁴ Pitchbook data, East Bay Economic Development Alliance

¹⁵ EWDD analysis of CA Employment Development Quarterly Census of Employment and Wages, Q2 2020

¹⁶ Hausrath Economics, Draft Industrial Lands Study, prepared for the City of Oakland 2020.

Longer Term Goals: Streamline and clarify the BID creation and renewal process and support the new BIDs and merchant organizations in the flatlands. Assess the feasibility of a cannabis BID or partnership organization. Attract new firms to Oakland's industrial areas and increase the number of good jobs for local residents by 250 by 2025.

5: Workforce Development

Retraining workers that have been displaced due to the COVID-19 pandemic is a priority, particularly in professions that are not likely to return to pre-pandemic levels. As businesses have changed their operating models to function with less capacity, they have learned in many cases how to survive with fewer staff.¹⁷ Although many local businesses are currently hiring, some restaurant, entertainment and other jobs may not come back. BIPOC workers are overrepresented in industries with high employment losses and automation potential.¹⁸

During the COVID-19 pandemic, EWDD's Workforce Development Division pivoted to online offerings to keep delivering services. They conducted three virtual jobs fairs, operated "Rapid Response" services online for laid off workers, and launched a new free training program through Metrix, an online platform available 24/7 in three languages that had 373 participants in the first quarter of 2021.¹⁹ The Workforce Development Division should build upon the successes of #OakWIFI and #OaklandUndivided,²⁰ which secured over \$15M to provide Oakland students with computers and internet access, by exploring ways to close the digital divide for workers, small businesses, and out-of-school youth.

Immediate Goals: Upskill and reskill low-wage workers who have been displaced or are at high risk of displacement to reduce racial disparities in unemployment. Provide expanded opportunities for Oakland's youth to find good local jobs.

EWDD will focus on the following actions:

- Expand Year-Round and Summer Youth Employment Program, continuing to prioritize Black, Latinx, Native American, and Pacific Islander youth residing in East Oakland, Fruitvale, and West Oakland. Include new placements in cultural arts organizations and engage the Youth Commission in Youth workforce program planning and design.
- Increase the number of adult jobseekers trained through Oakland Workforce Development Board-funded training programs in 2021-2022 from 100-150 to 300. Target programs to support job training and placement in fast-growing industries including Healthcare, Construction, IT, and Hospitality, consistent with the current Local Workforce Development Plan.
- Identify funding and create a marketing campaign to increase awareness and use of

¹⁷ <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/us-small-business-recovery-after-the-covid-19-crisis>

¹⁸ <https://www.oaklandca.gov/resources/quarterly-economic-dashboard>

¹⁹ <https://oakland.metrixlearning.com/>

²⁰ <https://www.oaklandca.gov/topics/oakwifi>; <https://www.oaklandundivided.org/>

Oakland's three American Job Centers of California (AJCCs), targeting ZIP Codes with the highest unemployment rates.

- Complete an asset mapping and evaluation of all city-wide adult and youth employment programming to align strategies and identify opportunities.

Longer Term Goals: Increase the number of Earn and Learn opportunities and job placements for Oakland youth. Market the Metrix online learning platform and address access barriers such as lack of computers, access to the internet, and digital literacy. Consider increasing youth wages above minimum wage for Summer 2022 and beyond. Explore and identify funding for a mobile AJCC for underserved communities with an emphasis on majority BIPOC communities in deep East Oakland.

What's Next

EWDD will publish the Economic Recovery Plan and make it available to the public at <http://oaklandca.gov/economicrecovery>.

To support both short- and long-term implementation, the City will begin pilots of prioritized initiatives outlined above and work with internal and external stakeholders to ensure that outcomes are defined and achieved.

In the first critical implementation phase of the Economic Recovery Plan, EWDD will identify the priority actions and goals that require additional funding. For priorities that do not have current City budget or other funding identified, EWDD will explore public-private partnerships to secure grant funding and in-kind support to advance these objectives.

Oakland will continue to participate in the Regional Recovery Taskforce with the cities of San Francisco and San Jose, continue engagement with the members of the Oakland Thrives Wealth Impact Table, and incorporate long term recovery goals and metrics into the City's next Economic Development Strategy in 2022.

This framework will set Oakland on a course toward equitable economic recovery, closing racial and gender disparities in household wealth and income and increasing our community's resilience and sense of belonging so that all Oaklanders can thrive.

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