TO: HENRY L. GARDNER  
INTERIM CITY ADMINISTRATOR  

FROM: Rachel Flynn  

DATE: December 18, 2014  

SUBJECT: Informational Report-Bay Area Regional Prosperity Plan  

COUNCIL DISTRICT: City-Wide  

RECOMMENDATION  

Information Report requesting that the City Council review and comment on the Economic Prosperity Strategy, as an interim product of the Bay Area Regional Prosperity Plan.  

EXECUTIVE SUMMARY  

The following report presents the ongoing work of the Bay Area Regional Prosperity Plan (“the Plan”), funded by the U.S. Department of Housing and Urban Development (HUD) Sustainable Communities Development Program, and administered by the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC). This $5 million, three-year Federal grant seeks to explore regional and sub-regional strategies to move more low-income workers into the middle class through a combination of research, policy exploration, and sub-grant pilot projects. In particular, staff asks that the City Council review the Economic Prosperity Strategy, (Attachment A) a study produced by a consultant team as an interim product of the Plan, and consider its findings as a broad framework by which jurisdictions in the Bay Area, and the City of Oakland in particular, can further explore and implement actions to elevate more low income residents and workers to the middle class.  

OUTCOME  

Oakland can take the lead as the first Bay Area city to formally consider and discuss the findings of the Economic Prosperity Strategy as a framework for subsequent actions to help move more residents and workers towards the middle class. Oakland can implement appropriate recommendations of the Economic Prosperity Strategy, and focus the goals of various City departments, including Economic & Workforce Development and Housing & Community Development, to develop local career training opportunities, focus attraction of business on industries of opportunity, and support low-income workers through measures such as increased affordable housing, towards this goal.  

Item: Community & Economic Development Committee  
January 13, 2015
BACKGROUND/LEGISLATIVE HISTORY

The Bay Area Regional Prosperity Plan will create a framework for addressing critical issues facing the region that were identified during the ABAG-MTC OneBayArea Grant program plan process. These issues include concerns for economic mobility and opportunities for low- and moderate-income workers, availability of affordable housing near high quality transit, neighborhood stabilization in communities at risk of displacement, and engagement of disadvantaged communities in regional decision-making.

The multi-year Bay Area Regional Prosperity Plan, which concludes in June 2015, includes three key, interconnected areas of work, each with an active publically-noticed working group:

- **Economic Prosperity Initiative** – To develop a regional approach for expanding economic opportunities for low- and moderate-income workers, and provide more than $1 million in sub-grants for pilot projects.
- **Housing Initiative** – To develop tools and resources ensuring housing affordability near high quality transit, while stabilizing low income neighborhoods as new investments raise property values, and provide more than $1 million in sub-grants for pilot projects.
- **Equity Initiative** – To support the engagement of disadvantaged communities in implementing the Prosperity Plan with $800,000 in grant funds to community groups that represent these communities.

The Economic Prosperity Strategy (Attachment A) was awarded through a competitive bid process commissioned by the Economic Prosperity Initiative Working Group, of which Oakland staff served as Co-Chair for the 2013-2014 period. The Economic Prosperity Strategy consultant team included San Francisco Planning & Urban Research Association (SPUR), the Center for Continuing Study of the California Economy, the San Mateo County Union Community Alliance, Working Partnerships USA, with support from the Bay Area Council Economic Institute and Eisen / Letunic/ 50+1 Strategies. Along with this Economic Prosperity Strategy, the Economic Working Group awarded ten sub-grants as pilot projects to further demonstrate ways to move low income workers, residents and households, into the middle class. Several sub-grants were awarded to Oakland-based non-profits, including Causa Justa, East Bay Asian Local Development Corporation (EBALDC), East Bay Sustainable Law Center/Project Equity, and Policylink, among others, over the various categories of the economy, housing, and equity.

ANALYSIS

The Economic Prosperity Strategy focused on three Goals, with related strategy suggestions, to increase access to the middle class. Staff recommends that the City Council review these recommendations, and consider how, in future, the various city departments might pursue opportunities to aid Oakland residents and workers in reaching middle-income wages and/or middle class quality of life.

Item: __________
Community & Economic Development Committee
January 13, 2015
There are particular strategies that the City departments have already enacted or begun work on. Examples of how the City of Oakland departments are already implementing some of the Strategy recommendations are as follows:

**Goal A: Pathways to the Middle. Strengthen career pathways to middle-wage jobs.**

**Economic Prosperity Strategy 1: Expand job-focused basic skill training.**

The City's Workforce Investment Board (WIB), which has a mandate from the State of California WIB to provide industry-specific trainings, have targeted both Healthcare and Manufacturing for its targeted program objectives.

**Economic Prosperity Strategy 2: Establish industry-driven, sector-based regional training partnerships.**

Staff of The Economic & Workforce Development Department currently participates in the regional partnership, “Design It, Build It, Ship It”, which engages the Logistics and Advanced Manufacturing employers in the region to better coordinate community college and training programs. Multiple Oakland companies are engaged in the “Design It, Build It, Ship It” initiative. The Oakland WIB identified sector-based strategies in their Strategic Plan, including Manufacturing, Logistics and Healthcare.

**Economic Prosperity Strategy 3: Improve career navigation systems and support pathways, at the K-12 level and beyond.**

Staff has been involved in the UC Berkeley Center for Cities and Schools career/city planning engagement programs at McClymonds and with Met West schools to assist students, acknowledge career pathways and learn about local employment opportunities. The Oakland Makers, which has a Youth & Equity Committee, worked with staff of Economic Development and Oakland Parks & Recreation to sponsor 25 students on National Manufacturing Day on a tour of four manufacturing firms to learn about career opportunities. Other opportunities will arise as the WIB Youth Service Providers offer more K-12 interface with Career Pathway Training activities.

**Goal B: Economic Growth. Grow the economy with a focus on the middle.**

**Economic Prosperity Strategy 4: Focus economic development resources on sector strategies as well as on greater policy coordination among jurisdictions.**

Economic Development staff currently focus on five sectors, which all contribute to opportunities in middle-income wage jobs. These include Healthcare & Wellness, Food & Beverage/Manufacturing, Clean Tech/Green Business, Logistics & International Trade, and the Creative Economy, including digital media, technology, and the arts. Economic Development staff has been actively working on a regional level with East Bay Economic Development Alliance, and various cities on opportunities for federal grants,
including recent applications to grow Biomedical Device and related industry manufacturing in the region.

Economic Prosperity Strategy 5: Develop land use plans that accommodate the region’s growth, including housing at all income levels, accessible job centers, and support for industrial lands.

Oakland has land use policies to retain industrial and job-producing land retention through various specific and area plans including the Central Estuary Plan, the West Oakland Specific Plan, and the Coliseum City-Airport Business Park plan. Oakland is actively pursuing more aggressive plans for affordable housing support, in the absence of Redevelopment funding.

Economic Prosperity Strategy 6: Rebuild and expand infrastructure in a way that supports economic development and job growth.

Oakland has conducted industrial infrastructure studies in East and West Oakland to help guide future investments for the improvement of infrastructure, including broadband, and other opportunities are being considered. Oakland staff is engaged in the International Boulevard Bus Rapid Transit (BRT) project, which includes consideration of business needs relative to infrastructure improvements, as well as transit needs.

Economic Prosperity Strategy 7: Manage the region’s transportation as an integrated, navigable system that is easy to navigate.

The City’s Specific Plans consider transportation, including shuttle systems in the Coliseum/Airport Business Park and West Oakland area. City staff of multiple divisions worked for the past year on the Emeryville Berkeley Transportation Study giving input on the positive impact and benefit, of such transit coordination for employers, employees and residents.


Economic Prosperity Strategy 10: Establish standards to ensure that investment of public dollars is aligned with the goal of economic opportunity.

The City has adopted a Minimum Wage policy and legislation that sets the minimum wage in the City at $12.25 as of March 2015.

PUBLIC OUTREACH/INTEREST

Beginning in April 2013, the Economic Prosperity Working Group held 21 regional workshops, and the consultant team conducted no less than 50 interviews with key stakeholders, including many Oakland community-based organizations and non-profits. Three regional workshops were held in Oakland, and the majority of the Working Group meetings were also held in Oakland at the offices of MTC, and publically noticed. The initial workshops focused on defining and
assessing the most significant barriers to upward mobility for low to moderate income workers. The second set of workshops explored how to allow businesses to grow, particularly in ways that could expand middle-income jobs. In the final workshops, stakeholders and participants discussed potential solutions and prioritized strategies for upward mobility and middle-income job creation. City staff also worked with the Economic Prosperity Working Group to present to the Oakland Metropolitan Chamber of Commerce, Economic Development Forum in October 2014, and published an article on the subject in the *Oakland Business Review* newspaper in September 2014 (Attachment B).

**COORDINATION**

The *Economic Prosperity Strategy* was developed over a 12-month period and is informed by robust technical analysis and extensive outreach to a wide range of stakeholders including workforce investment boards and community colleges; business and labor groups; local and regional economic development agencies; local jurisdictions and transit agencies; and community groups and residents; among others. The strategies were developed through an inclusive and transparent process that engaged all sectors and stakeholders mentioned above.

The Bay Area Prosperity Plan process has involved the creation of three Working Groups: Staff of the Economic Development Department of the City (Margot Lederer Prado) served as Co-Chair of the Economic Prosperity Working Group and as Co-Chair of the Prosperity Plan Steering Committee from May 2013 to May, 2014. Therefore, City staff was involved in the evolution of this Plan, and can take a leadership role, together with the Workforce Investment Board, in incorporating recommendations for actions into various City policy documents, including the future City’s Economic Development Strategy.

**COST SUMMARY/IMPLICATIONS**

There are no direct cost implications from the endorsement of the Economic Prosperity Strategy. Implementation of programs in support of the recommended strategies will be folded into existing work plans and budgets, to the extent possible. Any programs requiring additional resources will be brought before Council as a separate action item.

**FISCAL IMPACT**

The direct fiscal impact to the City of Oakland as a result of the consideration of the Economic Prosperity Strategy could result in enhanced concentration on business retention, expansion and attraction in the focused sectors, and on increased training of Oakland residents in the occupational types, describes in the *Economic Prosperity Strategy*.
SUSTAINABLE OPPORTUNITIES

Economic:
The Strategy is focused on the growth of jobs in the middle wages, the ability to help low-income workers follow career pathways to such jobs, and to providing other means of support for low income workers and residents to improve their quality of life through affordable housing and transit.

Environmental:
The Economic Prosperity Strategy analyzed challenges of workers in accessing middle income jobs, particularly relative to smart transportation choices. Boosting worker’s access to transit to work is a recommendation in the Strategy. Improvements in infrastructure are also a key recommendation within the suggested strategies, which could result in improved environmental “green” infrastructure.

Social Equity:
The Bay Area Regional Prosperity Plan has Equity as the primary focus of one of its three Working Groups. The Economic Prosperity Strategy seeks to address equity through recommendations for improved access to the economy, and jobs, of the middle class, and promotes living wages, and access to these jobs through improved transit and housing opportunities.
For questions regarding this report, please contact MARGOT LEDERER PRADO, SENIOR ECONOMIC DEVELOPMENT SPECIALIST, 238-6766

Respectfully submitted,

Rachel Flynn  
Interim Director, Department of Economic & Workforce Development

Reviewed by: Aliza Gallo, Economic Development Manager

Prepared by: Margot Lederer Prado  
Senior Economic Development Specialist  
Dept of Economic & Workforce Development

Attachments:
A. Summary Economic Prosperity Strategy  
B. Article on the Bay Area Regional Prosperity Plan, Oakland Business Review, Sept. 2014
Economic Prosperity Strategy

Improving economic opportunity for the Bay Area’s low- and moderate-wage workers
Economic Development
CREATING A STRONG ECONOMY

> Bay Area Prosperity Plan and perspectives from abroad

by Margot Leiderer Prado

Achieving a sustainable, living wage has been a challenge faced by many individuals and households today.

In the Bay Area, a middle income wage can be defined as hourly wages of more than $15 by a consultant team hired as part of the Bay Area Prosperity Plan, a three-year project administered by MTC and ABAG, which was awarded $5 million in funding as part of the HUD Sustainability Grant cycle.

The project, which includes three working groups exploring everything from employment, affordable housing, and barriers to entrepreneurship, is to identify incentives to moving low income residents of the Bay Area to middle class standards of living.

As a staff member in Oakland’s Economic & Workforce Development Department, I had the opportunity to serve as co-chair of both the Economic Prosperity Working Group as well as co-chair of the grant’s Steering Committee for the past year. The regional grant work to date, and expectations for its final year, will be the subject of the Chamber’s Economic Development Forum on Wednesday, Oct. 6.

The economy of the Bay Area is being driven by escalating incomes in the upper registry of particular sectors such as digital media and information technology, biopharmaceutical and life science. Such sectors generate significant numbers of higher and middle income jobs in services, support and related amenities such as the retail, food service and hospitality industries.

But what of the middle wage occupations? Such an “hour class economy” continues to shrink middle income occupations, however, the Economic Strategy study has identified through data analysis and stakeholder interviews—opportunities occupational clusters with potential for expansion.

The Bay Area Prosperity Plan identifies occupations as well as sectors that can see the positive movement of jobs in the middle income category, such as healthcare and manufacturing. There are also types of middle-income occupations which apply across sectors such as careers in information technology support, management, sales and marketing. This research identifies inhibiting factors to full equitable participation in the workforce and barriers to job entry and training.

An International Comparison

The challenge of extreme differential in prosperity among inhabitants of regions with successful market sectors is not limited to the United States. During my recent stay in the city of Bandung, Indonesia, which is just two hours from the nation’s capital (the size of Oakland but with 25 million people), I discovered similar challenges with success and equity. With attraction of external investment, the city of Bandung has experienced an astonishing annual growth rate of 9.9 percent in the past five years. This city, which is home to the country’s premier Institute of Technology (ITB), is experiencing the successful spillover of a consumer culture.

While Bandung’s population is four-fold that of Oakland’s, it shares similarities of municipal size and competitive economic sectors (culinary, design, healthcare and education, and professional services).

Like in the Bay Area, local economists warn of the lack of equity in such prosperity, in its rapid attraction of external investment and related commercial enterprises.

Outcomes of the Bay Area Prosperity Plan may serve to support— not only economic equity challenges in the Bay Area—but may also influence other nations to raise the low-income individuals’ access to new opportunities.

The Bay Area Prosperity Plan concludes in the spring of 2016 with a further engagement of labor, private sector and government is encouraged.

For more information contact Vikrant Scod, program manager at MTC (vscod@mtc.gov).

Margot Leiderer Prado is an economic development specialist for the city of Oakland.