Appendix A: Assessment Summaries

Alameda County's Jobs and Economic Development Project, Food Processing Study

Year Completed: 1998

Study Category: Workforce Study

Produced By: Alameda County Economic Development Alliance for Business (EDAB) and Community Bank of the Bay

Author(s): Hansen/Murakami/Eshima, in association with Hausrath Economics Group and Lester & Partners

Client/Reader: Alameda County Economic Development Alliance for Business (EDAB) and Community Bank of the Bay

Geography: Alameda County

Relevance to the purposes of the HOPE Collaborative This study assesses initiatives to advance economic growth and create job opportunities in the food processing industry. It identifies ways that Alameda County can focus its business retention, expansion, and attraction efforts.

Key Stakeholders: Oakland Community

Methodology:

- Interviews
- Data search

Indicators, Variables, Factors:

INDICATORS and VARIABLES

- Industry expansion: 1) creates demand for support services such as transportation, packing, food testing, warehousing, and business services; 2) creates entry-level jobs
- Food and Kindred Products manufacturing employment numbers
- Food-related Wholesale employment numbers
- Number of firms
- Full time vs. seasonal employment
- Turnover rates
- Wages

FACTORS

- The region has unique local assets that benefit the industry -- high water quality; proximity to food growing regions; a transportation infrastructure that connects port, rail, truck, and air transport services; a base of skilled employees; and a strong foundation of established local food companies.
- Many jobs in food processing are entry-level positions
- National food processors added $125 billion in value to the raw materials they consumed in 1995
- Job skills acquired through work in this industry are easily transferable to other industries

Findings:

General Trends

- Although there has been consolidation in some segments of the [food [processing] industry, emerging small- to medium- sized companies, particularly those that depend on proximity to local markets and distribution networks, continue to grow
- Trends among these companies: to serve gourmet and specialty markets, to distribute locally, to deliver fresh product on a daily basis, and to serve new consumer taste
- Many of these firms are linked to other food-related businesses, particularly the restaurant and food service industries.
- Specialty food product producers reported that major supermarket chains look to smaller independent grocery stores for new product and merchandising ideas.
- In addition to developing new and unique products, there are opportunities for local companies that process, distribute and warehouse raw food products.
- Companies interviewed were split between firms who sell direct to grocery/retail chains and those that sell through distributors. Most larger companies sell direct or through dedicated distributors. The mid-size companies sell primarily through distributors, unless their market is the Greater Bay Area where they often distribute directly (especially true for baked goods manufacturers).
- Competitive advantages mentioned most frequently by the companies interviewed: quality of the product and customer service (especially among mid-size companies); name recognition (especially among larger companies); and ability to stay flexible/meet changing customer demands
- Companies find employees through word of mouth, newspaper advertisements, and union halls. Some companies reported using government hiring programs.
- Few companies require experience for production workers and most promote from low-skilled to higher-skilled positions in production. Almost all of the companies train production workers on the- job, and most supplement the training with in-house safety training.
- The skills the companies have a hard time hiring and training for include: “soft skills” such as basic job skills, problem solving skills; and work ethic (e.g., show up on time, continue to show up, follow directions); technical and mechanical skills (e.g., specialty cooks, machinery mechanics, engineers); English as a Second Language; math skills.
- Many of the jobs in production require heavy lifting, which limits potential job candidates.
- Turnover rates for employees in their first 6 months, and especially their first 3 months, are much higher than for employees who have been on the job 6 months or more. Companies attribute the high turnover rate in the first few months to the physical and time demands of entry level work.
- Food companies operate on very tight margins that leave very little capital available for short but intensive job training.
- Employment in the food processing sector in the US fell from 2 million employees in 1972 to 1.1 million in 1993. On the other hand, trends in Alameda County indicate growth in some portions of the food-related manufacturing in the five years from 1989 to 1994 and growth in the food-related wholesale trade sector from 1989 to 1994.
- Employment multipliers for Food and Kindred Products manufacturing are among the highest multipliers for all industries at both the regional and national levels. For the Bay Area, economic multipliers for the industry indicate that for

every one job in food processing there are 7.5 additional jobs supported in other industries throughout the region. This number includes jobs in agriculture, transportation, finance, distribution and sales.

- 65% of the companies interviewed as part of this report say their major market area is the Greater Bay Area, California and/or the West Coast. 22% of the companies interviewed supply to national markets; and only a few are actively exporting their products.
- Workers in food manufacturing had relatively high job-based health coverage, at 71.7% versus 64.6% for the workers in the state overall
- 60% of the companies run more than one shift per day, and 43% of the companies report running 20 - 24 hours per day, resulting in a need for transportation and childcare programs for their workers and making organized training sessions difficult to schedule.
- In Production/Operations/Packaging positions, 65% of the companies that gave information regarding entry level starting wages paid between $7.00 and $8.00 per hour, and 27% of the companies reported entry level wages over $8.00 per hour. In Transportation (driver positions), entry level wages start at over $10 per hour, with the average of $12 per hour. Less than 50% of the companies interviewed have employees represented by unions. Over 95% of the companies interviewed offer health benefits to their employees. Most also offer 401K plans to employees after 6 months or one year of employment.

Local Industry Trends

- Bakery products in Alameda County is the largest single industry and has shown the most growth between 1989 and 1994.
- Misc. food and kindred products, which includes ethnic foods, snack foods, mustards, sauces, as well as roasted coffee, potato chips, and pastas have shown a small decline in employment between 1989 and 1994.
- Sugar and confectionery products manufacturers have increased employment in Alameda County in spite of a significant amount of consolidation in the industry
- Grain mill products' employment seems to have remained relatively stable
- Beverages continues its increase in employment on both the manufacturing and wholesale levels for bottled and canned soft drinks and wine.
- Meat products has seen some decline in employment.
- Dairy products employment has decreased in the County between 1989 and 1994. However, large investments in Alameda County in new plants and equipment by several large players and a national trend of greater than average number of new products, including specialty cheese, is likely to make this industry a viable, stable employer in Alameda County.

National Industry Trends Benefiting the Local Industry

- Co-packing
- Home Meal Replacement
- Retailers are moving to a stocking system based on continuous replenishment of stock (CRP)
- Perishable food sales now represent one-half of all supermarket sales
- Energy enhancing foods (esp bars and drinks), and trends in ethnic foods are gaining national market share.

Job Opportunities and Constraints

- Unlikely that the industry at present will be able to provide jobs for more than a small percentage of new workers due to challenge in preparing workforce not only for basic jobs but for the higher skilled, technology oriented jobs (e.g. skills for an automated work environment)

Key Issues Facing the Local Industry

- A major issue facing local food companies is the need to upgrade and/or expand existing facilities
- many companies expressed interest in relocating to areas that are perceived to be lower cost locations such as Contra Costa County, Solano County, and particularly Central Valley locations such as Tracy and Modesto.
- Companies' location decisions depend not only on facilities and equipment cost, but on several factors including the ability to merchandise and distribute product from a new location as well as the company's organizational structure.
- Companies interviewed fall into three categories:

1. *Growing Companies* -- tend to be mid-sized. They are unlikely to be tied to bigger operations and conventional channels for marketing and distribution; instead they are tied to local markets. Their products tend to fall into the growing markets of fresh, gourmet and specialty foods, and they tend to be younger companies.
2. *Mature Companies* - tend to be larger sized. They often have a substantial, historical investment in real estate and equipment and are usually subsidiaries of larger national corporations. Their markets tend to be national or to cross several regions of the country, and their products are more traditional.
3. *Evolving Companies* - tend to be small to medium sized companies, with long-term ties to the area. They are opportunistic companies that have shown a willingness and ability to evolve their product lines to match changing consumer tastes. They cite quality and customer service as their competitive advantages.

Recommendations: *Welfare to Work and Workforce Preparedness Strategies*

- Certification for Basic Skills
- Certification for Advanced Skills in Food Processing
- Establish Employment Linkages Among Alameda County Industrial Businesses and Governmental Entities

Business Retention, Rehabilitation, Expansion Attraction Strategy

- Create a County-wide Industrial Business Policy
- Formalize the EDAB Food Processing Network.
- Siting Services and Facilities for Business Attraction and Expansion

Food Market Development Strategies

- Locate and Support Entrepreneurial Growth in Sector
- Regional/National Market Development
- Export/International Marketing

City of Oakland Staff Reports: A Report Forwarding Recommendations on Industrial land Use Policy and Proposed Criteria for the Conversion of Industrial Land to Non-Industrial Uses

Year Completed:	2005
Study Category:	Industrial Land Use Evaluation
Produced By:	Oakland Community Economic Development Agency
Author(s):	Margo Lederer Prado
Client/Reader:	Oakland City Council, Oakland Community
Geography:	All Industrial Land (mostly West of I-580)
Relevance to the purposes of the HOPE Collaborative	This report is an assessment of industrial land use alternatives for proposed amendments to Oakland's General Plan. The study is relevant to food manufacturing uses and includes background research on the land and facility needs of existing food manufacturers in Oakland.
Key Stakeholders:	City of Oakland residents, employees, and employers

Methodology:

- Creation of 17 distinct industrial sub areas based on existing characteristics and contribution to the City in commercial/industrial employment
- Analyzed data from Alameda County Assessors Office
- Analyzed data from CA Employment Development Department (EDD)
- Interviews with local commercial/industrial businesses and commercial/industrial real estate brokers
- (Did not analyze potential of Oakland Army Base or displacement of existing industrial activities due to lease expirations)

Indicators, Variables, Factors:

INDICATORS and VARIABLES

- Fiscal, economic, and quality of life impacts associated with the preservation of industrial land
- Oakland's capacity to support multiple, diverse, local industries
- Local capacity to support the Port of Oakland
- Demand for industrial land
- Demand for residential land
- Availability of industrial jobs
- Industrial employment
- Industry spending multiplier for industrial jobs (show the jobs generated as an industry buys good and services from other industries in the areas)
- Industry Consumer Spending Multiplier (shows all jobs generated from an industry spending, plus the jobs generated by employees' owns consumer spending as a result of being employed)
- Distribution of Oakland Industrial Firm by number of employees and by sub area
- Cost of industrial land
- Cost of living

- ABAG Regional Housing Needs Assessment requirements (for Housing Element)

FACTORS

- With most of the larger infill opportunity parcels already developed, homebuilders are now looking to industrial-zones areas for opportunities for new housing development. Housing prices have increased dramatically, but the demand for urban area units continues.
- Housing element estimates only include sites which are presently zoned to allow residential development. The question remains whether the development of housing within the limited supply of industrial land, which represents lass than 13 percent of the total City land supply, is necessary.
- Non-industrial development on existing industrial lands will necessitate the review of environmental quality factors and potential risks to new residents resulting from their intentional location near industrial activities. Exiting conditions of concern include, but are not limited to: air quality, storm water management, environmental cleanup, and traffic congestion.
- The City frequently receives calls from new food producers including catering kitchens, culinary academies, chocolate and yogurt makers, to name a few, for smaller spaces of up to 10,000 square feet. New mid-size beverage companies (20+ employees) have located in Oakland in the past two years. Boutique food producers as well as custom high end fabricators tend to desire facilities ion areas such as West Oakland and Embarcadero Cove are for their ambiance, but others which are dependent upon air freight for shipment are attracted to facilities near the Oakland Airport, including Medford Gould Business Park (98th and San Leandro Street), which has multiple spaces specifically designed for food users.

Findings:

- Industrial employment numbers decreased in the 2001-2004 period, but the actual number of firms increased from 1,777 total firms in 2002 to 1,984 firms in 2004.
- Staff interviews with large firms show that many of Oakland's larger companies prefer to remain in Oakland due to the proximity to the air and sea freight services, the presence of local suppliers satisfying their "just in time" requirements, as well as the preferences of company owners to remain living and working in Oakland as a lifestyle preference, versus relocating themselves and their families out of state.

Recommendations:

- Adoption of Criteria for General Plan Amendments for the conversion of Industrial land to non-industrial designations
- General plan mapping scenarios for industrial land (showing loss of industrial acres and jobs under various scenarios)

Existing Retail Sector Performance A Component of the Oakland Retail Enhancement Strategy

Year Completed:	2008
Study Category:	Citywide Retail Evaluation
Produced By:	Oakland Community Economic Development Agency
Author(s):	Prime Consultant: Conley Consulting Group; Subconsultants: JRDV Architects, Strategic Economics, Colliers International
Client/Reader:	City Staff, City Council
Geography:	City of Oakland
Relevance to the purposes of the HOPE Collaborative	This study is an assessment of Oakland's retail sector. It examines the retail mix, performance, planned and proposed developments, market area demographics, and characteristics of 53 identified neighborhood nodes. Grocery stores, convenience stores, eating and drinking establishments, and specialty food stores are evaluated at varying depths.
Key Stakeholders:	Oakland Community

Methodology:

- Driving tour survey with detailed field and photographic documentation of the entire City
- Consultation with staff to identify 53 nodes
- Store-by-store sales tax data were geocoded or spatially assigned to a location based on the business address.
- Analysis of percentage of all retail sales outside of a defined node, what types of businesses made up this non-node retail, and how many of these businesses had high total sales.
- Measured performance among different retail nodes in the city, identify leakage in different areas of the city, and use this information to develop strategies for enhancing retail where there is additional potential.
- Identification and mapping of all major retail outlets with sales over $1 million in 2006.
- Analyzed sales trends for the 53 nodes, based on reports of sales tax collections provided to the City from the State Board of Equalization data.
- Examined the variation in retail market conditions within the City by creating three geographic zones and evaluating demographic characteristics as well as retail demand and supply conditions within each zone.
- Created maps of the 53 nodes and estimated the retail square footage in each node.
- Developed a classification system and applied it to Oakland's retail areas to assign a retail designation for each of the nodes.
- Developed a summary of retail characteristics for each node.
- Summarized available information on proposed new retail development

throughout the City.
- Consumer/resident survey
- Case studies

Indicators, Variables, Factors:

INDICATORS and VARIABLES
- Retail leakage
- Expenditure potential by retail type
- Retail expenditures
- Retail sales
- Household income
- Household size
- Households with children living at home
- Per Capita Sales
- Employment Base
- Population
- Households
- Housing Units Built
- Age
- Housing tenure
- Housing Value
- Planned and proposed developments

FACTORS
Note: As a performance evaluation, this report does not include significant factors.

Findings:

- Oakland retailers capture a share ranging from 72% to only 10% of the resident's expenditure potential for different categories of retail goods. Oakland has $1 billion in potential sales lost as leakage for comparison goods (goods sold in apparel, general merchandise, home furnishings and appliance stores), over $230 million in grocery store sales. The only category where Oakland's sales come close to the expenditure potential of its residents is eating and drinking venues, where the resident's sales are likely supplemented by visitors and employees.
- Due to retail sales leakage:
  $1 billion lost activity from the Oakland economy
  $10 million sales tax forgone
  10,400 jobs retail could have supported
- given the size of the City's employment base, Oakland should be importing sales from neighboring communities
- Grocery stores planned for Oak-to-9th area and MacArthur Transit Village
- Specialty foods retail planned for Jack London Square

Consumer Survey Results (2017 respondents)
- Seventy percent of respondents shop in their neighborhood at least once a week, while the majority of respondents that reported not shopping in their neighborhoods stated it was because desired products were not available (60%)
- Respondents reported that the availability of favorite stores (53%),

availability of parking (49%) and convenience (40%) were the reasons that most influenced where they shopped

- Respondents reported that they would most frequent clothing stores (45%), department stores (39%), grocery stores (42%), and restaurants (42%) if they were available in their neighborhoods
- Respondents reported that they wanted more women's clothing (38%), department stores (52%) and produce markets (33%) in the City.
- Popular entertainment venues among respondents were ethnic restaurants (46%), fine dining restaurants (48%) and music and arts venues (51%).
- Respondents reported that entertainment (53%), gifts (44%), and high end food and beverages (47%) were the most popular reasons to shop outside of their basic needs

Small Neighborhood Nodes (listing west of I-580 only)

- Havenscourt-Lockwood - could potentially benefit from neighborhood-serving retail such as a grocery or major drug store

Grocery and Restaurant Nodes (listing west of I-580 only)

- Chinatown – needs improvement
- Fremont – need improvement
- Jack London Gateway – retail needs improvement
- Northgate/Koreatown – expansion potential

Grocery, Restaurant, + Comparison Nodes (listing west of I-580 only)

- Eastlake - needs improvement
- Eastmont – needs improvement
- Fruitvale and International – suitable for further improvement
- Fruitvale Station – needs improvement

Recommendations:

- Fill in missing segments of the City's retail sector.
- Recapture the comparison goods sales potential of its residents with a variety of comparison goods shopping opportunities
- Improve the supply of quality food stores in the underserved areas of the City
- After local needs are met, focus on providing regional serving retail at key locations like Jack London Square
- Develop strong neighborhoods were retail can thrive
- Expand opportunities for local retail entrepreneurs
- Create an employment resource for Oakland residents

Implementation Plan, Oakland Retail Enhancement Strategy

Year Completed:	2008
Study Category:	Citywide Retail Evaluation
Produced By:	Oakland Community Economic Development Agency
Author(s):	Prime Consultant: Conley Consulting Group; Subconsultants: JRDV Architects, Strategic Economics, Colliers International
Client/Reader:	City Staff, City Council
Geography:	City of Oakland, Five Nodes: Laurel District; Foothill & Seminary; 51st and Broadway & Oakland Tech; High & Hegenberger
Relevance to the purposes of the HOPE Collaborative	This study was conducted in response to a directive from City Council to develop a retail enhancement strategy. In addition to comparison retail, it evaluated grocery store potential for several neighborhoods west of Interstate 580. It also provides numerous strategies for supporting locally-owned retail.
Key Stakeholders:	Oakland Community
Methodology:	▪ Community Survey (2300 respondents) ▪ Researched retail revitalization efforts in other cities. ▪ Evaluated the retail enhancement potential and required implementation action plans for five nodes. ▪ Developed conceptual design plans for retail implementation efforts in the five nodes. ▪ Identified citywide implementation activities. ▪ Evaluated resource requirements for implementation. ▪ Conducted work sessions with economic development staff.
Indicators, Variables, Factors:	INDICATORS and VARIABLES ▪ Access to convenient, healthy food ▪ Retail capture ▪ Retail leakage ▪ Grocery store sales ▪ Grocery store expenditure ▪ Number of grocery stores (existing and planned) ▪ Budget requirements for implementation programs FACTORS ▪ It is a central conclusion of this Strategy that no single action will reverse the City's long term retail performance trend. In order to recapture the demand of its residents, employees and visitors, Oakland must have a full array of retail types, and must improve the function of retail in every part of the city.

- Less mobile residents may suffer serious health consequences, including diabetes and obesity, from inadequate access to affordable and healthy foods.
- Over the past few decades, grocery store chains have been moving to bigger and bigger store types that require support from an ever larger trade area, and large sites located on major arterial streets or near freeway interchanges. However, now several food merchants are rethinking this strategy and focusing on building smaller stores in more dispersed locations. Several food merchants have targeted Oakland as a desired location for these new smaller stores.
- Locally owned businesses:
  1. Provide retail variety and a unique shopping experience, thus enhancing the potential for recapturing leakage.
  2. Are more likely to tailor their merchandise to local tastes, and reflect the City's unique identity.
  3. Can retain profits within the local economy, and thus have a greater positive economic impact than national chain stores.
  4. Often are more likely to serve as active participants in neighborhood improvement and community revitalization efforts.
  5. Provide entrepreneurial opportunities for local residents.
  6. Tend to hire more local residents than do national chains.
  7. Can have a lower impact on the environment if they buy locally produced goods and if shoppers make shorter trips to patronize them.
- At least initially, locally owned businesses are likely to be small businesses, operating with less than $1 Million in annual revenues. Nationally, at least 50 percent of new small businesses fail within the first five years.
- Landlords and developers who successfully incorporate unique non-chain businesses into their retail projects often solicit new ventures from retailers who have already been successful in other locations.
- Research has shown that neighborhoods with strong retail cores combined with other social and cultural institutions are less vulnerable to having lower income residents displaced by the process of gentrification. Further, activity on streets are a deterrent to crime.
- Because the market pressures on neighborhood serving and local retail have become so great, cities need to be much more proactive in preserving and enhancing their traditional neighborhood retail districts through a series of planning programs and in investments by a wide variety of community serving infrastructure ranging from parks and libraries to façade improvement programs and technical assistance for small businesses.
- Cities are also looking to collaborate with a wide variety of non-profit partners on neighborhood revitalization efforts. These partners extend beyond the local chambers of commerce to include a variety of merchant organizations and business improvement districts. Often, city resources are insufficient to fund all the neighborhood's needs for both capital improvements.
- Retail stores, particularly comparison goods stores, do not thrive in isolation. To be successful, most stores need to be grouped together in a place that attracts shoppers who want to browse as well as to run errands. Therefore, a critical component of this retail strategy is ensuring that there are successful neighborhood business districts in all parts of the City that are attractive places, with interesting buildings, comfortable sidewalks, accessible parking,

trees and appropriate street furniture, and other public improvements.

Findings:

Grocery Stores

- The Enhancement Strategy will recover $714 million in comparison goods sales now lost as leakage, add the equivalent of 5 new supermarkets, and reinforce existing neighborhood retail districts.
- Grocery Store leakage could support five new full sized supermarkets, or more specialty food stores.
- Residents in West and East Oakland are the most severely underserved by grocery stores.
- City Council members are actively supporting retail projects both within their own districts and throughout the City.
- Lack of grocery stores in Oakland's neighborhoods has the following consequences:
  1. Residents lack high quality and affordable food in their neighborhoods, and either travel to supermarkets in other neighborhoods or outside of the city or buy higher priced food from gas station mini-marts, corner liquor stores, or drug stores. The lack of access to high-quality, affordable food has environmental and health consequences which particularly impact the poor. Access to convenient, healthy food is also an indicator that people will have better health and lower rates of obesity.
  2. Since people shop for food more frequently than they do for any other items, grocery stores often serve as the shopper-attracting anchor tenants from which other nearby stores can also capture sales. Because Oakland's eastern and western neighborhoods lack these anchors, it is doubly challenging to revitalize retail districts in these neighborhoods.
- It has been difficult in the past to get good turnout from busy small business owners at seminars offered during business hours.
- Merchants contacted for this effort report they would like to see expanded consumer-oriented marketing efforts, rather than efforts focused on soliciting participation from businesses.
- The Oakland Police Department (OPD) is projected to reach its full authorized force of 803 officers by the end of 2008. If this goal is reached, there will be a problem solving officer (PSO) in every one of the city's community policing beats who can further coordinate the public safety activities of the existing merchant's alert and business alert programs of the community services division within each of the three newly organized geographic police areas.

Eating and Drinking

- Eating and drinking establishments will continue to thrive in Oakland, if public safety concerns can be effectively managed. If the rest of the Strategy is accomplished, this component of the retail sector is likely to expand without specific City efforts.

Recommendations:

Food Retail Related

- Recruit supermarkets to underserved neighborhoods in West and East Oakland. Allocating resources to add new supermarkets in areas already well served by food stores is not recommended.

- Although strong restaurants and entertainment venues are an important part of a healthy retail sector, this is not a recommended focus of the strategy, since these businesses are likely to continue to thrive without special assistance.

Recommended components of the Strategy:

- Improve the City's retail tenant mix
- Develop a major comparison goods retail center in the Upper Broadway Area.
- Attract grocery stores to underserved neighborhoods in Oakland.
- Designate sufficient sites for large format comparison goods stores.
- Encourage sustainable development of locally owned stores.
- Support and strengthen existing retail.
- Develop strong neighborhoods where retail can thrive.
- Make retail enhancement a central focus of City government.

Adoption of the following policies are recommended to direct the Retail Enhancement Strategy:

1. Adopt Retail Enhancement as a major priority for Oakland's City Government.
2. Direct staff to prepare an annual report on progress on the Retail Enhancement Strategy.
3. Organize City Government to foster retail: Institute a Retail Cabinet to broaden awareness of the retail sector and enhancement opportunities, and a Retail Development Council to process approvals for specific retail projects.
4. Direct staff to develop and implement Retail Action Plans for the six priority retail nodes: West Oakland, Laurel, Dimond, Temescal, Foothill and Seminary, and 51st and Broadway (with Oakland Tech).
5. Direct staff to incorporate Retail Enhancement Strategy implementation activities into Redevelopment Project Area Implementation Plans.
6. Direct staff to report back on progress and any policy changes needed to attract grocery stores.
7. Direct staff to identify opportunities to site large format stores and facilitate development of this component of the retail strategy.
8. Support formation and provide support to Business Improvement Districts (BIDs), merchant associations, and community benefit districts.
9. Direct staff to investigate the potential to develop long-term policies to offer retail business tax relief based on growth in sales tax revenues.

Recommendation of locally-owned retail development

- A successful locally-owned retail development strategy must take into account the following challenges:
  1. Individual small retail businesses, especially comparison goods outlets, do not perform well in isolation, and thus usually require a strong neighborhood district and/or anchor tenants to create a customer draw to achieve sustainable sales volumes.
  2. Many small businesses are funded with equity drawn from consumer or housing-based credit sources. A slow economy, especially with poor liquidity conditions such as exists in Spring 2008, the rate of small retail business formation may slow.
  3. Nationally, the failure rate for small businesses is high, and even higher

for small retail businesses. Nationally, as many as half of all small businesses fail in the first 10 years.

4. Small businesses must compete with large retailers, whether or not those stores are located within the City limits. Successful small retailers compete with the large competitors by providing better service, merchandise that more closely matches the customer's tastes, or unique products.
5. Independent retailers are not able to command supplier discounts routinely granted to mega retailers. These stores sometimes must operate at price points that do not to appeal to budget-conscious consumers.

- The locally-owned business component of the Retail Strategy must not only encourage formation of new retail businesses, but also establish policies to ensure that new businesses continue to operate successfully and form a sustainable business base for the City.

- Tactics that the City can adopt to enhance the performance of locally owned, small businesses include:
  1. Creating strong neighborhood districts where retail can thrive is the best way to support sustainable small businesses.
  2. Sponsoring business improvement seminars and strategic advice for retailers, in conjunction with an organization such as the Oakland Merchants Leadership Forum (OMLF) and in coordination with the B.I.D. or C.B.D's and the local merchant's associations. Marketing and security are typical initial seminar topics.
  3. Providing cost-effective marketing vehicles for small businesses.
  4. The small business component of the retail strategy is likely to be very staff intensive, and to require linkages to outside small business service providers.

- Provide technical assistance for local retail businesses.

Example Tactics:
• Identify and fund non-profit organization(s) to provide business counseling services.
• Assign a single point of contact within the City of Oakland to assist small business owners to prepare for and navigate through the development review and permitting process.
• Assist small business owners by providing comprehensive resource referrals for all small business related needs.
• Build a database that can refer businesses to technical resources by entity and area of expertise such as financing, business plan preparation, credit counseling, financial analysis, business operation training, and market assessments etc.
• Actively update resources available internally and externally.

- Provide market data to prospective retail tenants.

Example Tactics:
• Invest in research and development to better understand local markets and market indicators such as demographics (including correction of Census undercounting problems), employment growth, income growth, retail vacancy rates, and other information such as shopping trends, identification of local stores by type, annual sales, and size of business (by SF).

• Locate potential sites for small retail businesses and provide key statistics and neighborhood profiles for the sites.
• The City should provide data feedback on the Census and other sources that rely on Census data to ensure they accurately reflect the City's demographics.

Other Strategy Recommendations

- Prepare Neighborhood Business District Action Plans
- Provide City Staff Support for Neighborhood Planning Efforts
- Create Strategic Alliances with Organizations That Help Neighborhood Business Districts Attract Appropriate Tenants for Vacant Spaces
- Provide Retail Ombudsman Services
- Develop Neighborhood-appropriate Mixed Use Development Guidelines
- Monitor Parking Utilization and Supply in Retail Districts
- Promote Oakland Retail with Consumer Oriented Marketing and Promotion Program
- Create Customer-oriented Online Marketing Portal
- Support Training Programs and Seminars for Retailers
- Provide an Annual Report on the Retail Enhancement Strategy to the City Council
- Provide a mechanism to update staff on the Retail Strategy, local issues, and industry trends
- Create a Senior Development Team to Facilitate Retail Development

Mandela Food Cooperative, Supermarket Business Plan

Year Completed	2007
Study Category:	Grocery Store Feasibility/Business Plans
Produced By:	Williams and Associates Consulting
Author(s):	Tracey R. Williams
Client/Reader:	City of Oakland, CEDA and Mandela Food Cooperative Management Team
Geography:	Oakland and West Oakland
Relevance to the purposes of the HOPE Collaborative	This is a business plan for a small-format, locally owned cooperative grocery store in the West Oakland neighborhood.
Key Stakeholders:	West Oakland Shoppers

Methodology:

- Business Plan Assumptions
- Timeline
- List of Profit Centers & Supportive Research
- Feasibility Measures
- Sensitivity Models
- Debt Service Estimates
- Consumer Psychographics and Demographics
- All Customer Trip Types and All Customer Group
- Projected Sales
- Average Profitability & Expense Percentages for U.S. Grocery Small Businesses
- Budget & Percentages Considerations for U.S. Grocery Small Businesses
- Customer Trip Management Research
- Location Feasibility Measures
- Integrated Marketing Communications
- Media Planning & Buying Schedule
- Business Model & Customer Strategy
- New Affluent Shopper Profile
- Commonalities in Spending Decisions Among Affluent and Less Affluent Shoppers
- West Oakland Buying Power
- List of Grocery in Oakland/Emeryville Marketplace

Indicators, Variables, Factors:

INDICATORS and VARIABLES

- Population
- Households
- Average household income
- Aggregated neighborhood income

- Per capita income
- Median age
- Educational attainment
- White collar residents
- Median home value
- Traffic counts
- Population density
- Aggregate household retail spending
- Percent of shoppers using organic products regularly
- Percent of shoppers who shop at multiple stores
- Percent of shopping trips that account for "quick trips"
- Average number of take out meals
- At-home food expenditures
- Away from home expenditures
- Expenditures on ready-to-eat meals
- Weekly and Monthly Cost of Food at Home: U.S. Average

Marketing Strategy:
- Average spending for type of trip (e.g. quick trip or fill-in major shopping)
- Amount of time shopper spend shopping

Other
- Propensity of shoppers to shop for "natural lifestyle alternative" products
- Grocery Industry Customer Preferences of market types, interior design, etc.
- Consumer Buying Habits (across income categories)
- Securing investment capital
- Inventory turnover
- Average daily customers projections
- Affluent, Middle Class, and Getting By customers
- Competition and density of competition

FACTORS:
- Shopper preferences for "natural lifestyle" and "locally grown" product alternatives
- Replication of business model
- Business model leverages synergies among ten profit centers: (1) Locally grown produce, 170-mile radius, (2) Shelving Slotting, (3) Pilot Promotional Leasing of Refrigerator and Freezer Program, for frozen ready-made food manufacturers, (4) Deli, made-to-order or take-out meals, (5) Pre-packaged, pre-prepared, ready-to-eat, grab-and-go meals, (6) Small Profit Centers, (7) Meats, (8) Canned/Boxed & Non-Alcoholic Beers & Wines, (9) Sub-leasing options, (10) Personal Shopping
- Site requirements (building size, parking, proximity to major thoroughfares, street exposure)
- Budget considerations
- Marketing Strategy
- Competitive advantages: location in West Oakland, local grown produce relationships with small farmers, natural lifestyle niche, appeal to variety of shopper habits
- City of Oakland 10K Housing Plan and Outcomes

Findings:

- MFC to be a 11,500-30,000 square-foot natural lifestyle, quick trip and take out means supermarket in West Oakland
- MFC to target West Oakland residents and commuters who will shop there one to two times weekly in addition to their primary supermarket
- MFC to offer a variety of products, basic to premium that meet less affluent to affluent shoppers; expectations
- MFC to build profitable business model with ten profit centers
- MFC to open in fall 2007
- MFC to have scalable business model
- MFC to have integrated market strategy
- West Oakland residents have significant buyer power
- The success of Oakland's 10K Housing Plan will bring residents to West Oakland and neighboring areas.

Recommendations: N/A

Mandela Marketplace Market Study

Year Completed:	2006
Study Category:	Grocery Store Feasibility/Business Plans
Produced By:	Northern Real Estate Development and Consulting
Author(s):	Jennifer Jai
Client/Reader:	Mandela MarketPlace
Geography:	West Oakland, one-mile radius of Mandela Transit Village
Purpose/Type of Assessment:	Business planning
Relevance to the purposes of the HOPE Collaborative	This study is a supply and demand assessment for retail for the West Oakland neighborhood. It assesses the feasibility of a small-format, locally owned cooperative grocery store in the West Oakland neighborhood.
Key Stakeholders:	West Oakland businesses and residents
Methodology:	Retail supply-demand analysis (grocery retail leakage-current and projected expenditures)
Indicators, Variables, Factors:	INDICATORS and VARIABLES

Demographics
- Population
- Households
- Household size
- Household type
- Ethnicity
- Age
- Median household income
- Household income distribution
- Educational attainment
- Employment by type of occupation (white/blue collar workers)
- Unemployment

Housing
- Number of new housing units in pipeline
- Housing price ranges of new housing units
- Number of affordable housing units by affordability level

Consumer Buying Power

- Retail spending power by type of product
- Informal entrepreneurship
- New housing development
- Commuters (WO BART exits)
- Retail surplus by category
- Retail leakage by category

Other
- Supply and demand of food and health and personal care products

FACTORS:
- San Francisco Bay Area economy: large corporate head quarters, small businesses majority, largest venture capital community in US,
- Oakland history and economic characteristics: 10K Housing Plan, 60 major development projects in recent years, etc.
- The City of Oakland has secured federal dollars through the Enhanced Enterprise Zone Program for West Oakland to provide incentives in order to attract employers in retail, commercial, and industrial trades.
- Mandela Parkway Streetscape Improvement Plan, developed in 1998, seeks to improve the mobility of community residents by encouraging more pedestrian and bicycle uses and through the implementation of a neighborhood shuttle service.
- Lack of neighborhood retail and restaurants
- Community assets: transit; redevelopment; reinvestment; reuse opportunities; near Downtown, major arterials and freeways,
- West Oakland has experienced significant reinvestment in the past ten years, mostly in the form of gentrifying home renovations/restorations, infill development and loft conversions, in comparison to other residential neighborhoods in the flatlands of Oakland.
- Plans to extend Mandela Parkway to connect with Jack London Square via 3rd Street will only enhance the value and importance of [the market area].
- Mandela Transit Village project and adjacent redevelopment projects
- Catalyst project is Mandela Gateway, is a 5-acre, mixed use development by Bridge Housing Corporation, $50 million project
- Wood Street Project, Pacific Cannery Lofts, Zephyr Gate, Central Street Apartments, and six additional housing developments located within and just outside of the 1.0 – mile market area. Within these six developments 763 new units will be built, adding 763 new households to the market area.

Findings:

- There is a significant leakage of retail dollars in the 0.5 mile market area, specifically in the grocery store category, representing a significant leakage of grocery retail dollars of $5 million.
- The market area is significantly undersupplied in many of the retail categories, most specifically Grocery Stores, Eating Places, Health and Personal Care Stores.
- The current total unmet demand in these three categories equals $11.3 million or 24,281 square feet.
- The current demand in grocery stores combined with the forecasted demand for new development and BART patrons totals $9.7 million or 23,909

supportable square feet in the grocery category.

Recommendations: N/A

Neighborhood Market Drilldown - East Oakland, West Oakland, Lower San Antonio, Fruitvale

(Note: For the purposes of the meta-analysis, information has been consolidated since each study analyzes the same data variables and findings, though different in terms of value, have similar trends.)

Year Completed:	2005
Study Category:	Neighborhood Market Study
Produced By:	▪ City of Oakland for East Oakland, West Oakland and Lower San Antonio ▪ Unity Council for Fruitvale
Author(s):	Social Compact
Client/Reader:	City of Oakland, Unity Council, Oakland Community
Geography:	East Oakland, West Oakland, Lower San Antonio, and Fruitvale
Relevance to the purposes of the HOPE Collaborative	These studies provide business-oriented data and market insights for retail attraction in four Oakland neighborhoods. The purpose of the studies is to attract private capital to these neighborhoods. While the market food-related businesses are not explicitly evaluated, the indicators, variables, and factors that are analyzed are relevant to food retail and services. Further, these are neighborhoods that are of concern to the HOPE Collaborative.
Key Stakeholders:	City of Oakland, local business community, neighborhood partners
Methodology:	Demographic and economic data analysis
Indicators, Variables, Factors:	INDICATORS and VARIABLES • Growth (population and housing units) • Market Risk/Stability (indicators of homeownership levels, trends in housing prices, and incidents of crime) • Retail Float (retail leakage) • Market buying power (indicators of households incomes, aggregate neighborhood income, aggregate expenditures on retail, and disposable income) • Informal Economy • Population • Households • Aggregate household income • Aggregate disposable income • Aggregate retail expenditures • Average Income • Market size (acres) • Income concentration (aggregate income per square acres) • Housing unit distribution • Housing tenure

- Building permits
  - Homes Sales /Median home value
  - Average rent
  - Tenure of business
  - Owner occupied residential units
  - Community crime
  - Property crime
  - Violent crime
  - Credit history
  - Informal economy (examines bill payment patterns, banking relationships, and income)
- Presence of financial services

FACTORS (General goals of a DrillDown Profile)
- Retail provision (investment)
- Attracting retail (marketing). Assist in negotiations with the International Council of Shopping Centers (ICSC)

Findings:
- $59,764,973 West Oakland Retail Float
- (excluding downtown) Larger population than Census projections
- Higher home values than Census projections
- High rate of owner occupied residential buildings
- Higher household income than Census projections
- Higher aggregate neighborhood income than Census projections
- Substantial informal economy
- Substantial concentrated income (income per acre)

Recommendations: N/A

People's Grocery Business Plan

Year Completed:	2007
Study Category:	Grocery Store Feasibility/Business Plans
Produced By:	People's Grocery
Author(s):	Brahm Ahmadi
Client/Reader:	Investors
Geography:	West Oakland
Relevance to the purposes of the HOPE Collaborative	This is a business plan and feasibility study for a small-format, independent and locally owned grocery store in the West Oakland neighborhood.
Key Stakeholders:	People's Grocery, West Oakland Community

Methodology:

- Statistical, demographic, and geographic research.
- Analysis of Social Compact Drilldown West Oakland (2005)
- Development of a "customer market segmentation model"
- Use of an recency, frequency and monetary (RFM) analysis
- Use of GIS mapping.

Indicators, Variables, Factors:

INDICATORS and VARIABLES

- Household income growth
- Spending power
- Shopper types: convenience, emergent, lifestyle shoppers
- Population
- Land area
- Population density
- Retail expenditure
- Household expenditures on food prepared at home
- Low Income consumers' retail expenditure
- Ethnicity
- Available retail space
- Housing units built
- "Health and sustainability" consumer values

FACTORS

- As a result of redevelopment efforts in Downtown and West Oakland over 5,500 residential units are in stages of planning, construction, or recent completion.
- The sq. footage of the PGM will be smaller than many typical grocery stores.
- PGM's marketing strategy will provide education that connects food to health,

community and culture.

- Tesco, a large supermarket chain from the UK, may be planning on opening stores in Oakland.
- Marketing strategy: Create “unique brand experiences” and promotions that appeal to the Emergent Shopper.
- Marketing strategy: Collaborate with PG Nonprofit to develop social marketing and educational offers that stimulate awareness among Convenience Shoppers to change their behavior into Lifestyle Shoppers.
- Brand Identity: that fosters good community relations previously established by the PG Nonprofit. The brand will also convey strong values of social and environmental responsibility.
- Promotion: Conduct community outreach, events, and peer-to-peer promotions.
- Location: West Grand Ave. and San Pablo Ave. High residential density and vehicular traffic, and near major public transportation lines.
- Small retail footprint. 7,000sq ft.
- Pricing strategy: Middle market, between luxury and discount retailers. Pricing will not be PGM’s primary source of competitive advantage. PGM will pursue special offers such as enhanced food stamp usage opportunities.
- Product mix: PGM offers healthy and natural foods, with an emphasis on local and ethnic foods.
- Competitive landscape: No Large supermarkets fall within a one mile radius of PGM’s desired location.
- Sources of competitive differentiation: PGM has partnerships with Rainbow Grocery Cooperative, Vertiable Vegetable, PCC Natural Markets and New Seasons Markets which will provide the industry expertise and credibility to support the success of PGM’s venture in West Oakland.
- PGM will also compete using competitive differentiation in the following:
  1. *Location*: visible and accessible near high traffic corridors and public transport.
  2. *Experience*: a community-oriented destination offering health education.
  3. *Products*: a diverse mix of natural, conventional, local and ethnic foods.
  4. *People*: workers from the community who are knowledgeable in nutrition.
  5. *Community*: extensive history, relations, trust and goodwill in West Oakland.
  6. *Brand*: strong brand recognition, unique cultural aesthetic and compelling story.

Findings:

- West Oakland shoppers tend to make smaller and more frequent purchases, they have a limited amount of cash on hand, and they commonly walk or bus to the grocery store.
- There is high demand in West Oakland for a relatively small inner-city market that offers healthy, local, and cultural food at a competitive price.
- PGM has a good chance of success due to their extensive knowledge, experience, and familiarity with West Oakland.
- As of 2003, California's minority population is the majority
- Between 1990 and 2000 the Hispanic pop. In West Oakland grew 70%.

Recommendations: N/A

Pre-Development Planning for the Oakland Army Base Gateway Development Area

Year Completed:	2007
Study Category:	Neighborhood Market Study
Produced By:	Oakland CEDA
Author(s):	Bay Area Economics (BAE)
Client/Reader:	BAE/PHLP
Geography:	Oakland Army Base/West Oakland
Relevance to the purposes of the HOPE Collaborative	This study addresses the need for economic revitalization of the Oakland Army Base and evaluates four land use alternatives for land for potential development. One scenario includes a wholesale produce distribution facility as a development opportunity and evaluates the development requirements for the relocation of Oakland wholesale Terminal Market. Adjacent to the West Oakland neighborhood, evaluation of the reuse of the Army Base addresses concerns and opportunities for neighboring residents. Evaluation of this study includes only Chapter 2, Section C, “Food Manufacturing and Distribution.”
Key Stakeholders:	City of Oakland, local business community
Methodology:	Site analysis Market analysis
Indicators, Variables, Factors:	INDICATORS and VARIABLES • Growth of specialty food sector • Increased efficiency • Meets city initiatives for improved food systems and locally grown food retailing options • Increased availability of local foods from regional growers in Oakland’s wholesale and retail food establishments • Environmentally sustainable business practices • Innovative market development • Change in annual revenues of produce market businesses • Change in produce market employment numbers • Change in market share • Volume of customers attracted FACTORS o Square footage/acreage o Building type o Freeway access

- Truck loading capabilities
- Parking
- Loading docks
- Staging areas
- Customers' ease of access to vendors
- Operating costs
- Security issues
- Room for expansions
- Adequate refrigerated space
- Other site-specific requirements/inefficiencies

Findings:

- The terminal market site has inadequate truck access, parking, loading docks, staging areas resulting in substantial congestion, reduced market efficiency, and increased operating costs.
- Current site layout is inadequate for customer ease of access to vendors, presents security challenges, offers no room for expansion and has inadequate refrigerated space.
- These site-specific factors have led to declining market share and made the Terminal Market vulnerable to loss of tenants
- A modernized food market replacing the existing facility would require 10-15 acres and 100,000 sq ft warehouse space plus adequate space for docks, parking and circulation to accommodate current 14 tenants.
- There may be opportunities for expanded operation at a new site
- With additional wholesalers and processors, the market could require from 20-25 acres with approximately 250,000 sq feet of upgraded buildings and infrastructure.

Recommendations: N/A

Putting Oakland to Work

Year Completed:	2007
Study Category:	Workforce Study
Produced By:	East Bay Alliance for a Sustainable Economy (EBASE) and the Oakland NetWork for Responsible Development (ONWRD)
Author(s):	EBASE staff et al.
Client/Reader:	City of Oakland, City Council Members, CEDA Committee, local organizations
Geography:	Oakland
Relevance to the purposes of the HOPE Collaborative	This study assesses opportunities and challenges for developing Oakland's workforce. Six industries were evaluated for potentially promising jobs. One of these, food manufacturing, was assessed as having tremendous potential for family-sustaining jobs with opportunities for advancement.
Key Stakeholders:	Oakland's businesses, government, community groups, educational and civic institutions, residents and workers
Methodology:	▪ California Employment Development Department Industry sector analysis: Assess 6 industry sectors against 3 criteria: viability & collateral benefits; job quality; opportunity for advancement ▪ Demographic analysis ▪ Employment projection
Indicators, Variables, Factors:	INDICATORS and VARIABLES • Vibrant economy • Economic development with community benefits • Reduction of poverty and social inequality • Improved access to new jobs • Improved job quality *Economic Variables* • Poverty rate • Median income • Income distribution *Employment variables* • Unemployment rate • Rate of working poverty • Marginally attached worker rates

- Number of new jobs
- Number of "accessible new jobs"

Workforce Variables
- Education attainment
- High school drop out rate

FACTORS:
- Economic trends
- High-Barrier/disadvantaged populations (ESL residents, single parents, formerly incarcerated)
- Occupational wage fluctuations

Findings:

Food Manufacturing
- Food manufacturers are attracted Oakland due to its
  1) connection to the regional transportation infrastructure to move goods to and from food facilities—whether via the Port, rail, or highway—with many firms already located along the 880 corridor)
  2) proximity to Central Valley farm and agriculture and other local suppliers (such as grain and other processors);
  3) access to the Bay Area "foodie" culture, consisting of a large specialty food consumer and restaurant base; and finally
  4) access to a quality entry-level employees as well as more highly skilled managers, food scientists, and computer technicians.
- The food manufacturing sector is volatile
- Industry experts estimate that the sector creates a strong economic multiplier effect of three to four additional jobs in manufacturing, distribution, and services in the region.
- Svenhard Bakery located off Adeline Street, was recently cited as the City's largest industrial employer, with approximately 400 employees at its Oakland headquarters.
- State-wide California data helps confirm that the food manufacturing sector is highly accessible for workers with up to a high school degree, who make up over two-thirds of those in the entry-level and middle-wage earning categories (70.0% and 73.1% respectively). Some college education helps bump up workers into the highest wage-earning category, comprising 42.5% of the workers in that band.
- High turnover rates in the first 6 months indicate that employers and government need to invest in up-front job readiness training as well as ongoing support.
- Since many companies operate on thin profit margins and do not have the capacity to provide higher level training after the initial on-the-job training, community colleges and school districts need to collaborate on programs to move entry-level workers to higher levels of responsibility, including computer or food-science jobs.
- food processing companies are highly seasonal and sometimes volatile, with employers needing flexibility to respond to changing tastes and market conditions.
- The most immediate external threat faced by many food

manufacturing companies is that of conflicting land uses, with housing encroaching into industrial areas in Oakland.

General

- Six industry sectors show potential for growth in Oakland: Retail, Trade and Logistics, Biotech, Healthcare, Green Jobs, Food Manufacturing
- Four of the six sectors analyzed have an identified “low-road” component—low wages and benefits, dead end jobs, and use of temporary agencies or underpaid subcontracted work—that is of significant concern.
- In each sector there are successful models to connect existing residents and workers to new quality jobs (including local hire and job connection programs, concrete job ladders, and ongoing training and support to ensure job retention)
- In each sector there are specific actions that city government can take to support job growth, quality and access

Recommendations:

Food Manufacturing

- Government and employers need to invest in up-front job readiness training as well as on-going workforce support
- Employers should collaborate with community colleges and school districts to provide the training necessary for well-developed career ladders

General

- Commit to moving 25% of high-need residents into family-sustaining jobs over next five years
- Increase the proportion of accessible new jobs paying a Basic Family Wage ($18.53) from 32% to 50% over the next five years.
- Prioritize creating jobs that suit Oaklanders’ needs (viability + collateral benefits, job quality, job accessibility and career ladders)
- Establish and enforce policies to support workers (responsible contractor and living wage laws, establish standards for wages and benefits, workers’ rights, and protection of public investment)
- Expect more from development projects (high labor standards, local hire requirements, permanent job creation, workforce training
- City must evaluate proposed projects for their local impact and for alignment with city’s goals for Oakland jobs and employment.

Taking Stock of Oakland's Economy

Year Completed:	2007
Study Category:	Economic Development Strategy
Produced By:	Oakland Metropolitan Chamber of Commerce
Author(s):	McKinsey & Company, Oakland Metropolitan Chamber of Commerce
Client/Reader:	Oakland Metropolitan Chamber of Commerce/City of Oakland
Geography:	City of Oakland
Relevance to the purposes of the HOPE Collaborative	This study provides an assessment of the current state of Oakland 's economy and evaluates opportunities and constraints to higher productivity and growth in various sectors leading to high-quality job creation. Specialty food manufacturing is found as one of Oakland's "emerging sectors" and is assessed for its potential growth.
Key Stakeholders:	UC Berkeley, Cal State East bay, Peralta Community Collage District, Central Alameda Labor Council
Methodology:	• Sector Analysis • Personal interviews • Advisory group consultation • Survey of businesses
Indicators, Variables, Factors:	INDICATORS and VARIABLES *Food Manufacturing* ▪ Industry concentration ▪ Employment concentrations ▪ Growth in employment over time ▪ Qualitative attractiveness ▪ Average productivity ▪ Demand for specialty and gourmet foods *Strategic Enablers* <u>Public Safety</u> ▪ Crime rate ▪ Views of Oakland business Toward Crime-related issues <u>Education and Workforce Training</u> ▪ Views of Oakland businesses toward Oakland schools ▪ OUSD annual budget ▪ OUSD number of employees ▪ OUSD ethnicity mix ▪ OUSD number of students

- OUSD debt
- OUSD reading and math proficiency
- OUSD graduation rate
- OUSD rate of entry to 4-year higher education
- OUSD test score improvement rate
- OUSD progress on California Standards Test
- Estimated growth in California's highest demand occupations
- Estimated growth in California's fastest growing jobs
- Local college programs that support high-opportunity jobs

<u>Business Climate</u>

- Views of businesses toward Oakland's business environment
- Views of Oakland businesses toward starting a new business
- Views of Oakland businesses toward expanding an existing business
- Views of Oakland businesses toward Oakland's tax system
- Tax burden as reported by Oakland businesses
- Views of Oakland businesses toward their ability to attract qualified labor
- Views of Oakland businesses on the importance of the presence of UC Berkeley
- Views of Oakland businesses on the importance of Oakland International Airport
- Views of Oakland businesses on the importance of the Maritime Port
- Number of nonprofit and governmental organizations that offer some kind of business support services
- Distribution of Oakland businesses by size
- Share of employment and share of revenue of SME's and Large companies in Oakland
- Job growth in SME's in Oakland, compared to select U.S. cities
- Views of Oakland businesses on ways to foster growth
- Land distribution by acres by use

FACTORS

General

- Historically Oakland strong manufacturing, transportation, and healthcare industries
- Decline in traditional core industries
- Large percentage of Oakland employment tied up in government, a non tax generating sector
- Recent employment growth
- Downtown population boom
- Tracts of usable industrial land sit idle
- Investment from other parts of Bay Area expands east but skips Oakland for Contra Costa
- Oakland's many strengths include its creative and entrepreneurial culture
- Historic strength in food processing
- Oakland's historic position as a transportation hub
- Oakland as a partner in the Bay Area region.
- Oakland's image has been shaped selectively over past decades; urban violence and high-profile elections
- Perception of City having bureaucratic processes
- The City receives a relatively low level of tax receipts with which it could

otherwise make fundamental upgrades.

- The decline in once-strong sectors and the inability to attract new investment are largely due to a lack of attention to fundamentals: a well-defined land use policy; strategic investments in infrastructure; better functioning, accessible public education and workforce training; public safety; and a solid economic strategy and public policies consistent with that strategy.
- Many potential investors interviewed for this report indicated that concerted political will and healthy working relationships between government, business, education, and labor can make the difference in Oakland.

Food Manufacturing

- Oakland's emerging sectors derive their momentum from activities in which Oakland has long demonstrated success (civic-minded nonprofits, environmental science, the arts, and traditional food manufacturing). Changing demand patterns and a dynamic small-business culture have brought about a number of new applications for these historical strengths.
- For example, companies are shifting their market focus to specialty foods in niche categories that capitalize on demand for organic or designer foods. Because their products can command a price premium, they can afford to operate in the high-cost environment of the Bay Area. And largely because their founders appreciate the East Bay and like serving the region's demand for gourmet foods, they choose to be in Oakland.
- It appears that most of the baked goods prepared in Oakland are destined for the Bay Area market and command a premium for being fresh and of high quality.
- Oakland will soon be home to the new 185,000-square-foot California Harvest Hall, the centerpiece of a $300 million expansion of Jack London Square. It will include a daily market with produce, meats, seafood, cheeses, and baked goods; a professional cooking school; waterfront restaurants and smaller cafes to be run by local entrepreneurs; food-themed retail; and a chefs' hall of fame, which would induct chefs annually.

Findings:

- According to this report, food manufacturing is considered an emerging sector in Oakland. While a very small contributor to Oakland's economic landscape, the food manufacturing sector could grow well given the nature of regional demand for gourmet and specialty foods and the existing strength in the City's infrastructure for this industry.
- Tourism and entertainment includes accommodations and food services (which holds a 6 percent share of overall employment in Oakland) and consists of hotels, motels, rooming houses, restaurants, cafes, snack bars (doughnut shops and quickie marts), and bars. This sector is relatively under-concentrated in Oakland. Given that it is a regional strength, however, Oakland could do much more to develop this industry. Low productivity and a zero growth rate resulted in its exclusion from this report.
- Specialty food enterprises numbered 39 companies in 2004, behind only Stockton when adjusted for population size.
- Most of these companies are very small. Of the 39 companies in the sector in 2004, only ten of them employed 50 or more people, with the same number employing 4 or fewer.

- By 2005, Oakland's food manufacturing sector had grown to 59 companies with more than 1,941 employees.
- Bakeries and tortilla manufacturing are the strongest components of this sector, with more than half the companies and 69 percent of the employment.
- Sixty-four percent of all US shoppers or about 180 million people had bought specialty food during the prior 6 months, according to a June survey of 1,738 adults by the National Association for the Specialty Food Trade and research firm Mintel International. That's up from 58 percent the prior year.
- Consumers aged 18 to 24 led all age groups, with 74 percent buying specialty foods, which include gourmet coffees, chocolates, cheeses, breads, oils, spices and similar items. Those aged 25 to 34 followed closely behind, at 72 percent. By contrast, only 54 percent of people between 55 and 64 had purchased specialty foods.
- Larger facilities usually require separation from residential uses due to ventilation and distribution needs in dedicated Light or General Industrial zones

Recommendations:

Food Manufacturing

- Make the most of the new Harvest Hall to showcase regional foods and Oakland's food culture.
- Hold events and conferences on specialty and gourmet food topics.
- Capitalize on Oakland's existing identity as a center for food manufacturing, but make sure that this brand evolves into one associated with freshness, artisan, specialty, and gourmet foods.
- Support the growth of smaller companies like Numi Tea, Lost Canyon Winery, Cosmic Chocolate, Michael Mischer Chocolates, and similar companies by recognizing that, together, they represent a distinct and emerging industry.
- Understand the land use, human resource, and infrastructure needs of these companies and make sure these are met via appropriate zoning and land use regulations, appropriate provision of water quality and power, and workforce training programs where appropriate.

Strategic Enablers

- Improve public safety and actively manage the perception of crime in the community. Safety is particularly important to encouraging new investment, new business development, business expansion, and retail in the downtown corridor.
- Enhance the quality of education and workforce training. Better coordinated workforce training and hiring programs will increase employment, which in the longer term will reduce crime.
- Improve the City's business climate with a focus on supporting the growth of small- and medium-size businesses.
- Create and execute a strategic land use policy: Zone for business uses; Resolve infrastructure issues; Clarify design and development standards; Update land use classifications.