

CITY OF OAKLAND
Agenda Report

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TO: Office of the City Administrator
ATTN: Deborah Edgerly
FROM: Mayor's Office
DATE: April 26, 2005

RE: **STATUS REPORT ON THE CITY OF OAKLAND'S EFFORTS TO
FOSTER SOCIALLY AND ENVIRONMENTALLY SUSTAINABLE
ECONOMIC GROWTH AND RECOMMENDATIONS FOR PROPOSED
STRATEGIES TO AUGMENT THOSE EFFORTS**

SUMMARY

This report summarizes three City efforts to foster socially responsible economic growth and proposes the following eight initiatives to augment those efforts:

1. Launch a "Local First! Campaign" to Promote Local Businesses
2. Foster Job Creation and Training in Collaboration with CA Youth Energy Services
3. Transform Dry Cleaners into Energy Efficient Green Cleaners
4. Collaborate with the Center for Neighborhood Technology to Launch an Oakland Equity Express Program
5. Promote green businesses in Oakland by Collaborating with the Alameda County Green Business Program (primary focus is small businesses)
6. Collaborate with Alameda County Waste Management Authority on the StopWaste Program to Foster Waste Reduction and Efficiencies (primary focus is large businesses)
7. Collaborate with the City of Berkeley on a Solar/Clean Energy Bond
8. Collaborate with Wells Fargo to Host a Conference on Energy Efficient Mortgages and Financing Green, Energy Efficient Buildings and Businesses in Oakland.

After the description of each initiative, we have offered recommendations on which department might serve as the best lead, and estimated requisite staff and financial resources needed. Where possible, we have also identified a source of funds. Staff now seeks Council guidance on priority initiatives to pursue, and where each should be housed, given staff and resource constraints.

FISCAL IMPACT

There is no immediate fiscal impact; this is an informational report. However, the purpose of this report is to highlight opportunities to increase sustainable - oriented economic activities in the City, and implementation of these ideas will require a commitment of City resources. After each proposed initiative, we have estimated staff and financial resources required to fully implement the initiative.

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Community and Economic Development Committee
April 26, 2005

BACKGROUND

The SDI, adopted by City Council Resolution 74678-98 in 1998, contained the following five fundamental policy recommendations.

Recommendation 1: Implement a sustainable development strategy as an overarching principle guiding Oakland's economic development program.

Recommendation 2: Link the sustainable economic development strategy to a comprehensive approach to job training and continuing education.

Recommendation 3: Encourage affordable in-fill housing, mixed-use development, and sustainable building practices.

Recommendation 4: Make the City of Oakland's operations and services a model of sustainable community development practices.

Recommendation 5: Establish an ongoing process of community participation in sustainable development initiatives by community organizations, businesses, unions, and education.

In June 2003, the City adopted the following 5 objectives as part of Goal 2: Develop a Sustainable City.

Goal 2: Develop a Sustainable City

Objectives

- 2A. Maximize socially and environmentally sustainable economic growth.
- 2B. Facilitate the development of housing
- 2C. Implement programs that protect and conserve natural resources
- 2D. Attract new residents to Oakland
- 2E. Encourage and support social equity for all Oakland residents

This report focuses exclusively on an update and proposed initiatives for Objective 2A: *Maximize socially and environmentally sustainable economic growth*, as requested by Councilmember Jane Brunner as a follow-up report to our progress report delivered to the CEDA committee on January 25, 2005.

KEY ISSUES AND IMPACTS

A. SOCIALLY AND ENVIRONMENTALLY SUSTAINABLE ECONOMIC GROWTH ACTIVITIES: STATUS REPORT

The Economic Development department in CEDA is the lead on promoting economic growth in the City of Oakland, although other departments are involved to create greater synergies. What follows is a summary of progress to date on initiatives led by the economic development department. Sustainability staff in the Mayor's Office have collaborated on some of these initiatives, as noted.

1. Oakland/Berkeley Recycling Market Development Zone (RMDZ):

Background: The RMDZ was designated on April 28, 1993 by the California Integrated Waste Management Board as one of the first of 40 such zones statewide. The RMDZ assists firms in the zone to initiate and expand utilization of recycled materials in value-added processing and manufacturing. Participating companies work with RMDZ staff to gain access to grants and low-interest loans, obtain reliable supplies of recycled raw materials, receive siting and permitting assistance, and other technical assistance.

Oakland is an appropriate location for an RMDZ because recycled materials converge in the city from all over Northern California; the top two exports by weight from the Port of Oakland are scrap paper and scrap metal, and plastic is in the top ten. Geographically, the RMDZ encompasses all of the industrially zoned lands of Oakland and Berkeley; within Oakland, the RMDZ is completely contained within the larger Enterprise Zone. The RMDZ and its single full-time staff position is funded via an annual appropriation from the Recycling Fund (1710) in the Public Works Agency, but administered out of the Business Development unit (org. 88559) of CEDA's Economic Development Division.

Results: The RMDZ program has assisted local firms in obtaining a total of over \$5.5 million in grants and loans, and generated nearly \$11 million in investment in value-added processing and manufacturing of recycled materials. Beyond this financial assistance, RMDZ staff offer technical assistance including business planning, marketing assistance, siting and permitting help, and strategic advocacy. More recently, given the downturn in the economy and hardships for manufacturers such as high energy and workers' compensation costs as well as persistently high land and labor costs, focus has shifted toward helping existing makers of recycled products to expand their sales. Staff is currently working with about 30 active RMDZ client firms in Oakland.

2. Participate on Councilmember Brunner's Socially Responsible Business Task Force: A primary purpose of this Task Force, which began meeting fall of 2002, is to make recommendations to the Mayor, City Council and City Administrator on improving City services to socially responsible businesses so as to attract new, and retain and expand existing, socially responsible businesses.

To date, the results of the task force have been three fold: 1) A draft set of criteria was developed to help define what is meant by a Socially Responsible Business; 2) A list of potential incentives and services for socially responsible business was generated; and 3) Most recently, a document highlighting *Environmental Services for Oakland Businesses* was drafted by sustainability staff in the Mayor's office, and is now being edited by Economic Development staff. Once complete, this document will be highlighted via a website link on Economic Development materials to let Oakland businesses know about the many sources of technical assistance, rebates, subsidies, and other services that are available to businesses in Oakland that are interested in improving their environmental performance.

3. Oakland Economic Gardening Pilot Project:

Background: Economic Gardening (EG) is a relatively new and innovative, pro-active approach to business retention and expansion. As opposed to the traditional model of using incentives to attract new firms and thereby increase the economic base of a city, EG involves active outreach to selected local firms to offer them access to advanced databases, sophisticated information technology (including web marketing analysis and support), and other marketing expertise.

By availing local small and medium-sized businesses of strategic marketing information and tools to manipulate and manage such information, EG can tap growth potential in Oakland's economy. Some firms, such as price-driven retailers with relatively generic goods and/or very localized clientele do not make particularly good EG candidates, since web marketing and an expanded geographic customer base do not generally apply. Companies with relatively new, unique or specialized products or services, however, can benefit greatly from EG assistance, expanding their regional appeal and web presence and sales.

Results: In January 2004, the City of Oakland executed a contract to implement an Economic Gardening project with the Sustainable Business Alliance (SBA). The contract terms set a goal of targeting 100 appropriate firms to receive EG services, and initially anticipated completion by June 30, 2005. However, most of the effort of the first several months of the contract was spent on general outreach to targeted businesses in Oakland highlighting operational features and benefits of the program. So far, twenty-five businesses have received a comprehensive evaluation from SBA, including detailed recommendations for growing their businesses. The service has been very well received by participating businesses, and the number of qualified firms in line for service is growing steadily.

Based on the value of the EG program to businesses, and the growing momentum of the program, staff intends to request a time extension of the contract beyond 6/30/05. The terms of the contract call for payment for each business served (as opposed to time and materials), so extension of the contract term will not incur additional cost to the City, but will allow for ongoing application of this innovative approach.

B. PROPOSED NEW STRATEGIES AND INITIATIVES TO FOSTER SOCIALLY AND ENVIRONMENTALLY SUSTAINABLE ECONOMIC GROWTH

1. Launch A “Local First!” Campaign to Promote Local Businesses

“BALLE is enthusiastic about the potential of a Local First! Campaign in the City of Oakland. Oakland’s diverse population and progressive public officials provide terrific opportunities for a campaign of this nature. We plan to bring together a diverse team of community stakeholders to identify and support local businesses and to launch a lively campaign to educate the community about the positive impact of supporting local businesses. We are confident that our effort will lead to a highly successful model demonstrating how an urban community can genuinely strengthen their local economy in a sustainable manner.”¹

On page 33 of a 1998 report issued by Oakland City Council members Brunner, Nadel and De La Fuente entitled *“Building the Sustainable Economy: An Opportunity for Oakland,”* the idea of a *Sustainable Shopping Initiative* is highlighted. The report recommends that *“a sustainable economy label for ecologically and socially appropriate products, particularly locally produced ones ... be created and marketed.”* The following portion of this agenda report highlights the rationale and a proposed strategy for pursuing this recommendation.

Local First! Campaign—Definition & Rationale: In their *Local First! Campaigns How-To Kit*,² the Business Alliance for Local Living Economies (BALLE), a national organization with 18 Local First! campaigns in 12 states, defines a Local First! Campaign as one that develops and supports locally owned businesses, and encourages cost effective local production of goods and services. Producing locally rather than importing from distant places takes full advantage of local talent, capital and markets, and decreases fossil fuel use for transport of goods.

The last two decades have seen sweeping changes in American communities as “big box” retailers and strip malls have replaced locally owned shops. The research on the economic impact of these types of development is mixed and contentious and has resulted in numerous lawsuits for and against their siting. It now appears that siting these types of developments will become even more difficult for California cities than other cities in the nation, given a recent ruling by the Fifth District Court of Appeals which mandates that California cities “conduct an analysis of approving Wal-Mart’s new Super-centers on individual and cumulative potential to indirectly cause urban decay.”³

Whether these developments hurt or help a local economy may depend largely on the specific socio-economic circumstances of the community in which they are being sited. Highlighted below, however, are well-documented economic benefits of supporting local businesses, as

¹ Laury Hammel, National Co-Chair, Business Alliance for Local Living Economies (BALLE), during a conversation with Oakland sustainability staff, March 16, 2005

² Long, Michelle and Derek. Business Alliance for Local Living Economies (BALLE). *Local First! Campaigns, A How-To Kit*. 2004

³ Jim Wasserman, *“Cities Must Consider Potential for Urban Decay from Big Wal-Mart’s,”* Associated Press, printed in the Marin Independent Journal, March 20, 2005, www.marinij.com

highlighted in BALLE's "Local First!" Guidebook, all of which provide sound rationale for launching a Local First! Campaign in Oakland. They include:

- Local Businesses Keep Money in the Community: A growing body of research shows that money spent at a locally owned business stays in the local economy. A 2003 case study of eight locally owned businesses in Maine found that the businesses spent 45% of their revenue within the surrounding two counties, and another 9% elsewhere in the State of Maine. All eight businesses banked locally, used local accountants, advertised in local business publications, purchased inventory from local manufacturers and used local Internet service providers and repair people. By contrast, the big box retailers return just 14.1 percent of their revenue to the local economy, mostly in the form of payroll. The rest leaves the state, flowing to out-of-state suppliers and back to corporate headquarters.⁴

These findings were more recently validated in an October 2004 study of ten businesses and their chain competitors in a community near Chicago.⁵ The study found that for every \$100 in spending with a local firm, \$68 remains in the Chicago economy, whereas only \$43 remained in the local economy when spent at a chain competitor. Likewise, for every square foot occupied by a local firm, local economic impact is \$179, but only \$106 with a chain competitor.

- Local Owners Contribute More to the Community: Local businesses contribute more to local communities on a per employee basis. An Oregon study showed that small firms gave an average of \$789 per employee whereas large firms gave \$334 per employee in local charitable giving.⁶
- Local Owners Offer Stable Employment: Small businesses account for the largest share of net new jobs generated each year, and locally based business provide some of the most stable employment opportunities in a community.
- Local Businesses Maintain Community Character: In his book *The Rise of the Creative Class*, Richard Florida documents that today's most skilled and creative workers and investors, who can choose to grow businesses anywhere, are choosing to settle in places that preserve their distinctive character. And the National Historic Preservation Trust notes that communities that work to retain their uniqueness more easily attract tourists than "communities that have transformed themselves into a hodge-podge of cookie-cutter housing tracts, cluttered commercial strips and bleak downtowns."⁷

⁴ New Rules Project, *The Economic Impact of Locally Owned Business vs. Chains: A Case Study in Midcoast Maine*. September 2003

⁵ Civic Economics, *The Andersonville Study of Retail Economics*, Chicago, IL, October 2004

⁶ NFIB Small Business Policy Guide, referenced on page 8 in Business Alliance for Local Living Economies (BALLE). *Local First! Campaigns, A How-To Kit*. 2004

⁷ Long, Michelle and Derek. Business Alliance for Local Living Economies (BALLE). *Local First! Campaigns, A How-To Kit*. 2004. page 9

Proposed Steps for A Local First! Campaign for Oakland: Don Shaffer, National Coordinator for the Business Alliance for Local Living Economies (BALLE), and owner of Comet Skateboards, an Oakland-based business, has expressed strong interest in working with the City of Oakland to replicate BALLE's successful Local First! Campaign efforts across the country. What follows are preliminary recommended steps for rolling out a Local First! Campaign in Oakland.

1a. Find an entrepreneurial Local First! Campaign coordinator: With additional financial resources from the City, Don Shaffer could fill this role through his work with BALLE.

1b. Establish a Diverse Steering Committee: A group of 5-8 visible, successful, and sustainability oriented local business owners would be convened to form a core steering committee for the Campaign. This steering committee will provide advice about which ideas will be best received by the targeted businesses. Specific outreach to Oakland's Asian, African-American and Hispanic communities will ensure representation of those communities on the *Steering Committee*. This committee will be responsible for launching the Campaign, including strategic planning and fundraising.

1c. Educate Citizens and Businesses on the Importance of Buying Local: To ensure the success of a Local First! Campaign, education and outreach will be needed in two sectors. Oakland residents need to know that their choices to buy local have far reaching positive impacts on their community, and local businesses need to understand that local business-to-business purchasing in Oakland is in their own self-interest and provides stability to the local economy.

1d. Promote Public Policy that Supports Locally Owned Businesses: Progressive policies can send a strong signal to the larger community that the local government is serious about supporting local business. Examples of such policies include a City of Oakland procurement policy that favors local businesses and easy access to technical assistance from the City.

1e. Provide Substantive Benefits to Local Businesses that Participate in a Local First! Campaign: To ensure the enthusiastic participation of local businesses in a Local First! Campaign, benefits need to be substantive including web-based marketing, enhanced public relations, public recognition, and access to capital and educational workshops.

1f. Foster Local Food Production and Consumption: Local food production is an important component in a Local First! Campaign. From its initial founding, a primary focus for BALLE has been support of local food systems and many of their most successful Local First! Campaigns have been driven by an emphasis on local food production.

In addition to cultivating the interest of local organizations such as the East Bay Urban Gardeners, Urban Ecology and People's Grocery in this component of the Local First! Campaign, we will also solicit participation from the newly formed Oakland Food Council and the Columbia Foundation. The Columbia Foundation is currently assessing the policies and incentives that would help to ensure the production of 30% or more of Oakland's food locally.

To further support local food production and consumption while also supporting job training and creation, we will work with local colleges and large corporations that have on-site cafeterias to connect them with companies that have demonstrated strong support for the communities in which they do business. We have identified companies, for example, that provide café and catering services to corporations, colleges, universities and specialty venues that differ from mainstream food service management providers in their strong support for the local community in which they do business as evidenced by the following corporate stands they have taken.

- Boycott purveyors that do not support farm workers rights relative to working and living conditions
- Contribute to local food banks
- Encourage internships from local schools
- Hire and help train diverse local culinary talent
- Purchases from regional food producers

Recommendations

- **Department Lead for a Local First! Campaign:** Mayor's Office in collaboration with BALLE and CEDA staff
- **Staff Needed:** Existing sustainability staff in Mayor's office
- **Financial Resources Needed from City of Oakland:** \$40,000 of an \$80,000 budget (balance from Neighborhood Sponsors and participating businesses -- see attached proposed Local First! budget, Appendix A)
- **Source of Funds:** General Fund

2. Foster Job Creation and Training in Collaboration with CA Youth Energy Services

"[Through the California Youth Energy Services Program], residents save money, the state reduces its energy use, cities are creating community, and students become skilled, informed, and empowered. This program works!" Linda Maio, Berkeley City Council

The magnitude of energy dollars leaving a local economy represents a major leakage of financial resources and prevents the "economic multiplier" benefit that locally spent energy dollars generate. In most cases, energy dollars leave the community and go to regional utilities or suppliers of oil and gas. Once those dollars have been used to import energy into the community, they are unlikely to return to foster additional economic activity. Non-profit organization Redefining Progress highlights in a recent report that if the Bay Area were to promote even more aggressive energy efficiency initiatives and transition to renewable energy sources, \$2 billion annually would remain in the local economy.⁸

One way to keep energy dollars in Oakland is to decrease the amount spent on energy, while fostering job-training opportunities for Oakland youth, through a collaborative effort with the California Youth Energy Services (CYES). CYES is an energy efficiency and job-training project of Rising Sun Energy Center, a nonprofit corporation located in Berkeley. The CYES

⁸ Redefining Progress, Genuine Progress Indicator, 2004, Oakland, CA, www.rprogress.org

program trains and employs youth to provide resource conservation audits and retrofits in local residences. Retrofits include free installation of energy and water saving materials such as compact fluorescent light bulbs, retractable clotheslines, weather stripping, programmable thermostats and efficient-flow showerheads. Many of the actual materials themselves are free or available at wholesale prices. During the visit, residents also receive information about other conservation programs and services that are relevant to their household. The benefits to Oakland from participating in the CYES program are threefold:

- Youth Job Training and Referral: Recent research indicates that 9-12 grade students in California lack critical work experience and hands-on technical training and are increasingly ill prepared for the challenges of a technically demanding labor market. These trends are particularly stark in low-income and underserved communities. Without an education that ties to practical skills, members of these communities have little opportunity for starting a successful career.

Students that participate in the CYES program receive job training and develop technical, customer service and office administration skills. At the end of the program, letters of recommendation and job placement assistance are provided.

- Savings to Community Residents: For many low-income families in California, utility costs have become increasingly burdensome. These families pay up to 14% of their annual income in utility bills, compared to only 3.5% for families that are not low income. Residents that participate in CYES are able to reduce their energy burden through the installation of free or subsidized energy efficiency materials and services. This work would be coordinated with the Equity Express initiative described later in this report.
- Building Community: The youth-adult interaction of teens educating and providing valuable and dollar saving services to residents strengthens the community.

Since 2000, over 100 youth employees have retrofitted over 2500 East Bay residences and 11 public shelters, saving \$175,000 in annual utility costs and preventing over 1000 tons of carbon dioxide annually. For every \$1 invested in the CYES program, the services provided to residents creates \$1.30 in energy related benefits.

Proposed City of Oakland Youth Energy Services Program: We propose to collaborate with the staff at CYES to replicate the successful program used for the past four years in Berkeley to launch an equally successful program for the City of Oakland. CEDA's Workforce Development staff will assist CYES in brokering a partnership with a qualified, Oakland-based employment and training agency committed to serving low-income youth. During the eight-week program, proposed for a start date of June, 2005, up to 20 students from local high schools will participate in three major components of this program:

- A 7-day technical and professional training
- Employment as a youth energy retrofitter
- Weekly workshops that focus on sustainable living topics

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Students will work 30 hours each week in the community, conducting site visits in teams of two. Teams will be under the supervision of an experienced adult during their first week in the field. Once teams show competency in the field, they will work independently and have on-call assistance and site visits from a field supervisor. It is anticipated that each team will perform an average of two or three retrofits per day for seven weeks. We anticipate that 400-500 households will be served, and up to \$40,000 in energy dollars will be saved each year.

Recommendations

- **Department Lead for CYES Job Training Program:** CEDA, Workforce Development
- **Staff Needed:** Existing staff
- **Financial Resources Needed:** \$45,000 of an \$80,000 budget (balance from CPUC via Rising Sun Energy Center – see attached budget, Appendix B)
- **Source of Funds:** Duke Settlement Funds

3. Transform Dry Cleaners into Energy Efficient Green Cleaners

Green Cleaning (sometimes referred to as wet cleaning) is a more environmentally benign alternative to dry cleaning as the processes used are far less toxic and more energy efficient. Moving toward greener cleaning benefits the community as well as the health of cleaning employees. We have had preliminary discussions with PG&E, and have learned that rebates may be available to businesses that switch to this more benign form of cleaning.

Phase I: Work with PG&E and a few initial dry cleaners to pilot the changes necessary to become a green cleaner, and assess the support needed to move in this direction.

Phase II: The program would be adjusted to incorporate lessons learned, and a rollout campaign to the entire City would be planned.

Phase III: Implementation of the citywide plan, with a goal of 100% conversion of all dry cleaners in the City to green cleaners by 2015.

Recommendations

- **Department Lead:** CEDA or PWA in collaboration with Mayor’s office, or contract with Alameda County Green Business program (program lead and parameters still under development)
- **Estimated Cost Range:** \$65,000 - \$85,000
- **Source of Funds:** Duke Settlement Funds

4. Collaborate with the Center for Neighborhood Technology to Launch an Oakland Equity Express Program

The Chicago-based Center for Neighborhood Technology (CNT) proposes a partnership with the City of Oakland to develop and implement a system to help households reduce core expenditures. This system, Equity Express, will link households to cost reduction programs in the areas of transportation related energy use, food, and energy use, and encourage saving towards assets such as homeownership. The long-term goal of the program is to improve the economic security of participating households and promote community health and sustainability. Reducing household expenses and lowering the economic barriers to achieving homeownership are also important tools for fighting displacement in Oakland's rapidly appreciating housing market.

Phase 1: Equity Express Program Design and Pilot Implementation

- *Months 1-3 - Identify Existing Infrastructure:* Identify Oakland's existing infrastructure of programs and services that can enable household cost of living reductions. These will include financial counseling, transportation, energy efficiency, social service, and food security programs run by government agencies, nonprofits, and businesses. We will analyze the savings potential of the programs for target households, and we will meet with program representatives to discuss each program's potential role in Equity Express.
- *Months 1-3 – Identify Needed Infrastructure:* Additional infrastructure necessary to support Equity Express will be identified. This may include a mechanism to allow participants to deposit the savings from reduced household costs. We will also explore the development of a support tool to help financial counselors identify applicable programs and services for specific households and estimate the household's savings potential through Equity Express.
- *Months 1-3 – Identify Policy opportunities and Barriers:* CNT will identify and recommend policies to assist program implementation. For example, policy changes may be needed to ensure that the cost of living savings from one program do not disqualify participants from another means-tested programs. Existing policies and funding streams that can be used to support Equity Express programs will also be identified.
- *Months 2-6 -- Build Partnerships:* Partnerships with program operators and others that can help with program outreach will be established. We will also seek out partnerships with public and private sector actors interested in providing financial or technical support for Equity Express.
- *Months 3 –6 – Draft Implementation Plan:* This plan will include the overall program structure, a detailed program work plan, a timeline, anticipated outcomes, and an evaluation methodology.
- *Months 7-18 -- Implement a 12-month Equity Express Pilot Program:* We will work with partners to identify 50 low to moderate-income households to participate in the pilot. Households will be provided with information on available cost reduction programs and services and financial counseling opportunities.

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- *Month 19 -- Evaluate the Pilot:* Measures such as energy saved, reductions to household expenses, and household savings rate will be used to evaluate the pilot. Participant household progress, success, and barriers will be tracked using household utility bills and participant surveys. Program design and partnerships will also be evaluated through partner interviews.
- *Month 20 - Draft a Final Report:* This final report will also include a rollout plan for Phases 2-4 of the program based on the lessons learned from Phase 1.

Phase 2 of Oakland Equity Express would adjust the program based on the lessons learned in the pilot and roll out Equity Express to one low to moderate income Oakland neighborhood.

Phase 3 would roll out the program to an additional one to three low to moderate income Oakland neighborhoods.

Phase 4 would make the Equity Express program available to all Oakland residents.

Recommendations

- **Department Lead for Launching an Equity Express Program:** CEDA, in collaboration with Mayor's office.
- **Oakland Staff Needed:** CNT would staff this initiative, and it would be overseen by CEDA. A ¼ time staff person in that department may eventually be needed for oversight.

Financial Resources Needed: Figures below are for Phase I cost only. Evaluation of Phase 1 will include projected funding needs for the next phase

- **Total Phase 1 Cost for City of Oakland:** \$110,000 for CNT's participation
- **Source of Funds:** Duke Energy Settlement

5. Promote Green Businesses in Oakland by Collaborating with the Alameda County Green Business Program

The Alameda County Green Business Program is committed to promoting environmentally responsible business practices and makes an ideal green business partner for Oakland. Its focus is on small and medium sized businesses.

In partnership with businesses and government agencies, the Green Business Program conducts on-site compliance assistance, coordinates audits and inspections among various agencies including the City of Oakland, EBMUD and PG&E, and certifies businesses. To attain Green Business certification, businesses must comply with all environmental laws and meet specific standards in energy and water efficiency, solid waste reduction and pollution prevention. The Green Business Program helps to promote certified businesses through media articles, promotion at community events, a Green Business Directory, and a web site that highlights all certified Green Businesses.

In spite of the fact that Oakland is the largest municipality in Alameda County, the number of certified businesses is relatively low. There are only 26 certified Oakland businesses, whereas Berkeley, a city with a quarter of Oakland's population, has almost 50 certified businesses.

There are several ways that the City of Oakland could collaborate with the Alameda County Green Business Program to increase the number of businesses in the City that know about and participate in the Green Business program, as highlighted below.

- ✓ Streamline the Audit and Inspection Process: The Alameda County Green Business program partners with departments in the various cities they work in to complete solid waste, hazardous materials and stormwater audits and inspections for businesses that are interested in Green Business certification. One way to increase the number of certified green businesses in Oakland is to decrease the length of time it takes to complete an inspection. Setting a goal of a maximum of 6 weeks for City staff to complete the 2-hour inspection from the time they receive the inspection request from the Green Business program would send a strong signal that Oakland places a high value on businesses that are committed to improving their environmental performance.
- ✓ Improve the City's Green Business Referral Process: The Alameda County Green Business program relies on City staff to refer them to businesses that may be good candidates for Green Business certification. Because City environmental compliance staff routinely visit businesses, it's very helpful if they routinely refer potential businesses to the Green Business program, and alert Green Business program staff to a potential new business. Setting a goal for City of Oakland environmental compliance staff a goal to refer up to five Oakland businesses each year to the Green Business program would substantially increase the numbers of Oakland businesses that are exposed to the prospect of becoming "green."
- ✓ Target Businesses for Green Business Outreach: Some of the best success stories the Green Business program has had to date has been to target specific types of businesses, such as restaurants for example, for outreach and educational efforts. The City could collaborate with the Green Business program in identifying a target sector, and then offering educational and technical assistance in improving their bottom line through energy and water efficiencies and waste reduction efforts.
- ✓ Recognize Existing Certified Oakland Businesses: The public relations benefits of becoming certified are among the most highly valued benefits noted by businesses that express an interest in the Green Business program. The City could augment the Alameda County Green Business's efforts to recognize and highlight certified green businesses in a variety of ways including Council resolutions, awards and media stories.
- ✓ Increase the Amount and Consistency of the City's Financial Support of the Green Business Program: The Green Business program relies on financial support from the various municipalities in the County to continue their green business certification

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work. Historically, Oakland's support for the Green Business program has been inconsistent and somewhat low relative to the number of businesses in the City. The City should establish a line item in the budget that assures a constant allocation of support to the Green Business Program.

Recommendations

- **Department Lead for Collaborating with Green Business Program:** Public Works Agency for inspections and targeted outreach; Mayor's Office staff for awards and recognition events
- **Staff Needed:** Existing staff
- **Financial Resources Needed:** \$3,000 - \$5,000 to support Alameda County Green Business Program's work to certify Oakland businesses
- **Source of Funds:** General Fund

6. Collaborate with ACWMA on the StopWaste Business Retention Program

The intended outcome of this initiative is to improve the general sustainability of more than 24 large Oakland businesses each year while helping to achieve Council policy to reduce waste by 75% by 2010.

The StopWaste Partnership (SWP), a technical assistance and business retention initiative of the Alameda County Waste Management Authority (ACWMA), helps participating (primarily large) businesses save money and thereby improve their profitability and sustainability by providing technical assistance on efficiency improvements including energy and water efficiency improvements and waste reduction.

Several Oakland businesses are active participants in the SWP, and others have participated to the extent that cost cutting improvements have been identified, but not yet implemented. Working collaboratively with ACWMA, the City of Oakland could boost participation of Oakland businesses in the SWP by marketing the program to additional target businesses, and by working with SWP staff to foster the implementation of already identified cost cutting efficiency improvements.

Recommendations

- **Department Lead for Collaborating on the StopWaste Program:** RMDZ, CEDA
- **Staff Needed:** Marketing efforts can be incorporated into existing staff position working on recycling market development
- **Financial Resources Needed:** Marketing budget of \$15,000
- **Source of Funds:** General Fund

7. Collaborate with the City of Berkeley on a Solar/Clean Energy Revenue Bond

Sustainable business development will require additional funding, especially if we are to link job creation and training to achieving our energy goals. Solar revenue bonds in San Francisco have been unsuccessful to date because the system for repaying the bonds was not fully thought out in advance. Oakland and Berkeley have been exploring a Clean Energy Bond Fund that might overcome this problem. The bond would be for the purpose of promoting the installation of clean on-site energy and energy efficiency. This bond would have a unique financial structure separate from city assets. Further study is required before a final recommendation can be made.

The Fund, as currently envisioned, would be comprised of both private equity and public bond financing. The bond financing would not be supported by the credit/financial backing of either Berkeley or Oakland, but would instead be based on the credit of the end users of the clean energy and energy efficiency systems along with a unique credit enhancement facility.

In order to assure job creation within Oakland and Berkeley's boundaries, the Fund would identify a list of qualified equipment vendors, engineering firms, system integrators, and system maintenance providers with a focus on those located within Oakland and Berkeley city limits. The Berkeley and Oakland businesses participating in the Fund will be able to choose from these pre-qualified vendors. The capital for the installation will, in many cases, flow into the local economy. Finally, as part of the overall financing structure, all of these components together enable the Fund to pass on the full benefits of the financing to the Berkeley and Oakland businesses while eliminating financial risk for the cities.

The Fund would provide \$50–100 million for businesses and facilities in Berkeley and Oakland to finance the procurement and installation of Photo Voltaic, Combined Heat and Power, and Energy Efficiency Systems. At the \$50 million minimum level, we anticipate that about 10 MW of clean energy generation will be added along with 5MW of energy reduction from energy efficiency applications. The levels of renewable (PV) versus energy efficient (CHP) energy generation will depend on the availability of subsidies from the various state programs.

The Cities benefit from the economic and environmental benefits associated with the installation of a significant volume of clean energy and energy efficiency projects within the city limits, including the creation of jobs, increase in tax base and the reduction of pollution. The equipment vendors, system integrators and other supporting businesses benefit from a significant and predictable volume of new business in their region. Further study is required to assess the feasibility of this approach.

Recommendations

- **Department Lead for Collaborating on the Solar/Clean Energy Bond:** Mayor's Office, Sustainability Programs
- **Staff Needed:** Existing staff
- **Financial Resources Needed:** \$100,000. Note: this money will be returned to the City when bond financing is secured.
- **Source of Funds:** Duke Settlement Funds

8. Collaborate with Wells Fargo on a Summit on Financing Green Business in Oakland

Wells Fargo has expressed an interest in collaborating with City of Oakland sustainability staff in hosting a conference on Energy Efficient Mortgages and financing green, energy efficient buildings and businesses in Oakland.

Recommendations

- **Department Lead for Collaborating with Wells Fargo:** Mayor's Office, Sustainability Programs
- **Staff Needed:** Current staff
- **Financial Resources Needed:** \$10,000
- **Source of Funds:** Duke Settlement Funds

SUSTAINABLE DEVELOPMENT OPPORTUNITIES

This report is entirely about sustainable development opportunities. Economic, environmental and social equity benefits of the proposed initiatives are contained within the report.

DISABILITY AND SENIOR CITIZEN ACCESS

This is an informational report, so there is no direct effect on accessibility for senior citizens or disabled persons.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the Council accept this informational report and provide guidance on priority strategies to pursue.

Respectfully submitted,


Randy Hayes, Mayor's Office

Prepared by:

Carol Misseldine and Randy Hayes, Sustainability Staff, Mayor's Office

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE


Office of the City Administrator

APPENDIX A: Sustainability Oriented Economic Strategy Report

Local First Sample Year 1 Budget

	Quantity	Unit Cost	Total	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr.
Revenues			\$ 80,000.00	\$ 35,000.00	\$ 30,000.00	\$ 5,000.00	\$ 10,000.00
LF Sponsor - City of Oakland	1	\$ 40,000.00	40,000.00	25,000.00	15,000.00	.	.
LF Sponsors - Neighborhood Sponsors	15	1,000.00	15,000.00	10,000.00	5,000.00	.	.
LF Participating businesses	500	50.00	25,000.00	.	10,000.00	5,000.00	10,000.00
Total LF Participants	516						
Expenses							
Printing			\$ 10,550.00	\$ 1,400.00	\$ 7,900.00	\$ 500.00	\$ 750.00
Letterhead (2 color, no black)	2,000	n/a	200.00	200.00	.	.	.
Envelopes (2 color no black)	1,000	n/a	100.00	100.00	.	.	.
Mailing Labels blank (2 color no black)	2,000	n/a	100.00	100.00	.	.	.
LF Campaign Postcards	10,000	0.10	1,000.00	1,000.00	.	.	.
Poster (4 color, 1 side 22x28 inch)	1,200	1.25	1,500.00	.	1,500.00	.	.
Merchant window decals (2 sided, 2 color on plastic*)	1,000	0.75	750.00	.	750.00	.	.
Merchant countertop display (3 color)	750	2.00	1,500.00	.	1,500.00	.	.
Folders & misc. printing for merchant kit (8 pages photocopy)	1,000	1.50	1,500.00	.	1,500.00	.	.
Local First inserts for countertop displays* (1/3rd cut index stock)	30,000	0.03	900.00	.	900.00	.	.
Misc. Seasonal Materials			2,000.00	.	750.00	500.00	750.00
Buy Local Stickers			1,000.00	.	1,000.00	.	.
Postage			\$ 3,047.00	\$ 2,325.00	\$ 236.00	\$ 261.00	\$ 225.00
Misc. Postage of Invoices, etc.	300	0.37	111.00	25.00	36.00	25.00	25.00
Mail LF campaign postcards	10000	0.23	2,300.00	2,300.00	.	.	.
Mail merchant kits	600	1.06	636.00	.	200.00	236.00	200.00
Marketing			\$ 11,600.00	\$ -	\$ 6,600.00	\$ 2,250.00	\$ 2,750.00
Local event exhibitor fees	6	125.00	750.00	.	250.00	250.00	250.00
Ads in neighborhood newspapers	n/a	n/a	3,500.00	.	1,000.00	1,000.00	1,500.00
Vinyl banners - 2' x 5'	6	100.00	600.00	.	600.00	.	.
Table top display for fairs/conferences	1	500.00	500.00	.	500.00	.	.
T-shirts for sponsors and event game give aways	250	9.00	2,250.00	.	2,250.00	.	.
Other promotional give aways	n/a	n/a	4,000.00	.	2,000.00	1,000.00	1,000.00
Staff/Services			\$ 51,850.00	\$ 16,150.00	\$ 12,400.00	\$ 11,900.00	\$ 11,400.00
Editorial Support			500.00	250.00	250.00	.	.
Graphic artist (logo, letterhead, poster, postcard, give aways)	n/a	n/a	2,000.00	1,250.00	250.00	500.00	.
Website development & maintenance	n/a	n/a	750.00	250.00	500.00	.	.
Part time LF coordinator (contract, not employee) per month*	10	4,440.00	44,400.00	11,100.00	11,100.00	11,100.00	11,100.00
LF Training sessions **	2	1,500.00	3,000.00	3,000.00	.	.	.
Phone (including cell phone reimbursement) per month	12	100.00	1,200.00	300.00	300.00	300.00	300.00
Net P/L			\$ 2,953.00	\$ 15,125.00	\$ 2,864.00	\$ (9,911.00)	\$ (5,125.00)
Cash Flow				15,125.00	17,989.00	8,078.00	2,953.00

* LF coordinator - Don Shaffer, National Director of BALLE, calculated as one day per week + 7-8 evening meetings over the course of the campaign

** LF Training sessions - Michelle and Derek Long, Authors of BALLE's Local First How-To Kit, calculated at 1 full day for Kick-Off planning + event / 1 full day workshop, plus expenses

Note: for ease of setting up spreadsheet, totals and subtotals are at the head of each category.

Net P/L line summarizes activity only for that quarter.

Cash Flow line takes into account losses/surpluses from previous quarters.

**Rising Sun Energy Center
California Youth Energy Services
Draft Budget**

Contributed Support	
Oakland	45,000.00
Rising Sun Energy Center	35,000.00
Total Contributed Support	80,000.00

Payroll Expense	
2.0 FTE RSEC Staff Salary	24,700.00
15 x .75 FTE Youth Salaries	28,800.00
Payroll Tax	5,885.00
Benefits	
Vision Benefits	120.00
Health Benefits	1,020.00
Workers Comp	1,374.95
Total Payroll Expenses	61,899.95

Administrative Expense	
Advertising	3,500.00
Office Equipment	300.00
Office Supplies	300.00
Tools	500.00
General Liability Insurance	1,000.00
Telephone	250.00
Travel (mileage)	700.00
Postage	200.00
Total Administrative Expense	6,750.00

Materials Expense		
Amount	Cost	
1750 x \$ 2.50	CFLS	4,375.00
80 x \$ 24.00	Programmable Thermostat	1,920.00
80 x \$ 25.00	Torchiere	2,000.00
100 x \$ 12.00	Retractable Clotheslines	1,200.00
175 x \$ 3.00	Showerheads	525.00
250 x \$ 1.50	Aerators	375.00
50 x \$ 4.00	Pipe Insulation	200.00
50 x \$ 4.00	Miscellaneous	200.00
	Total Materials	10,795.00

Total Expense	79,444.95
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