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ECONOMIC DEVELOPMENT: AN IMPLEMENTATION STRATEGY FOR THE CITY OF BERKELEY

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ECONOMIC DEVELOPMENT:
AN IMPLEMENTATION STRATEGY FOR THE CITY OF BERKELEY*

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*This paper is the summary report of a larger project researched and written by the Berkeley Economic Development Project group, which includes Marjorie Bennett, Daniel Farber, Linda Gardner, Jay Jones, Joyce Klemperer, Nancey Leigh-Preston, Neil Mayer, Michael Peltz, Amy Skewes-Cox, Matthew Steinle, and Paul Sussmann, all associated with the University of California and the Planners' Network. Copies of the related papers are available from the Institute of Urban and Regional Development, University of California, Berkeley.

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ECONOMIC DEVELOPMENT:
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by Marc Allan Weiss and Ann Roell Markusen

I. EXECUTIVE SUMMARY

In 1976 the Berkeley City Council established an Economic Development Commission. The Commission held hearings, conducted research, and deliberated for nearly two years, issuing a substantial report and proposed Economic Development Plan in the fall of 1978. After further research, consultation, and revisions, the City Council adopted the amended plan on November 25, 1980, as an element of the City's Master Plan. The City Council directed the City Manager to convert the Plan into a Work Program, including an Economic Needs Assessment, an inventory of local resources, an evaluation of current activities, and the consideration of low/no cost incentives for businesses. The Council also voted to designate South Berkeley a "community revitalization district," or special target area for economic development efforts.

We were contacted by the City Manager's Office, through the University of California, to assist the City Manager and his Economic Development Coordinator, Mr. Walter Toney, in the preparation of the Economic Development Work Program. The summary, reports, and background papers are designed to assist the City of Berkeley in this vitally important area of public policy.

We have accepted as our mandate the implementation of the goals and objectives outlined in the Plan adopted by the Council. The six principal goals are:

- (1) Revitalize the local economy to increase available jobs.
- (2) Encourage private, public and cooperative enterprises to share in the local economy in ways that are mutually supportive.
- (3) Increase coordination and integration of community resource development.
- (4) Promote a strong industrial base as a vital foundation upon which a stable economy can be built.
- (5) Increase economic equity in land use decisions.
- (6) Promote neighborhood revitalization programs in all depressed commercial areas.

The first goal, increasing available jobs for the local population, we have accepted as the most important and the one around which we have oriented our study and recommendations. More jobs and higher incomes for Berkeley residents will make possible the type of community revitalization envisioned by the City Council and by the authors of the Plan.

In addition, we believe that in the era of Proposition 13 and federal and state budget cutbacks, increasing the local tax base is an extremely important goal. In our recommendations we have considered that the expansion of healthy businesses and the local multiplier from rapid employment generation will make a welcome contribution to City revenues.

We feel that the evidence from our research and our interviews with members of the local business community point to the need for the City to take a strong role in helping businesses find space in which to locate and expand, helping businesses find trained employees from Berkeley's diverse labor force, and in providing various forms of technical assistance. If the City were to provide genuine leadership in promoting a job growth-oriented economic development policy matched to the needs of Berkeley employers and Berkeley residents, then the dynamic, innovative sectors that find Berkeley's unique features attractive will stay in Berkeley and expand their operations. New innovative industries, such as in energy conservation and renewable resource development, can be created here to employ significant numbers of people and help enhance Berkeley's national reputation as a community that sets trends rather than just following them.

We also found that while some sectors of manufacturing are growing, overall the most vigorous areas of employment growth in Berkeley are in retail trade, residential construction, and in health, family and business services. These activities are not just local-serving but in many cases region-serving, thus part of Berkeley's "export base," and we see every reason for the City to take action to continue to support the service side of our City's economy.

The third area mentioned in Goal Number 2, cooperative enterprises, we found to be a vital and growing part of Berkeley's economy, employing one out of fifty Berkeley workers, or approximately one thousand people. The cooperative sector is also an area where Berkeley has been an innovative national leader, and increased public support for cooperative and collective enterprise will have important spinoff effects in terms of the type of labor force Berkeley attracts and in the research, design, and development of the goods and services which will be on the frontiers of the next decade's economic growth.

In the following Summary and background papers, we make a number of recommendations as to the formulation and implementation of the Work Program and the development of low-cost incentives for businesses. We also evaluate the existing economic development program structure and make some recommendations for administrative reorganization. Finally, we conduct a feasibility analysis concerning possible development utilizing the City's air rights over the South Berkeley BART Station. All of the recommendations are listed in the final section of this Summary document.

II. THE BERKELEY ECONOMY

A. An Economic Profile

The Berkeley economy is relatively unique compared to other employment centers in the Bay Area. It has an unusually large public sector component, because of the University of California. In the private business sphere, Berkeley has a respectably-sized manufacturing sector. Berkeley also has unusually large retail and service sectors, which suggests that some of these businesses cater to non-Berkeley residents. Altogether, these features make Berkeley a net employment center, with substantial numbers of workers commuting in from surrounding communities. Because of the public/private mix and the private sector prominence of manufacturing, services and retailing (81% of private sector employment), the occupational composition of the Berkeley labor force is diverse, with extraordinarily high levels of professional and technical employment.

Our research on the Berkeley economy focused exclusively on the private sector.* We were particularly interested in identifying as closely as possible the most dynamic sectors, hoping to build an economic development strategy around that dynamism. Using 1978 and 1980 data from the Berkeley business license tax, which covers all private employers except some firms in banking and insurance,** we found that total manufacturing jobs were stable in recent years, but failed to grow as fast as the Berkeley economy as a whole (see Table 1). Other sectors which lagged were agriculture (a tiny proportion of the economy), transportation, and wholesaling. Job creation in the service, retail, and residential construction sectors led the growth of jobs in the local labor force in the last two years.

Breaking down the sectors into types of product, we found that big changes were taking place within the manufacturing sector (see Table 2). While overall manufacturing jobs employ 20% of all private sector workers in Berkeley, the older, more traditional subsectors are losing jobs, while a few new sectors manage to balance out the numbers with job growth. Chemical firms, for instance, the single largest subsector, closed out 200 jobs in the last two years, for a loss of 11% of total employment in that sector; these figures do not include the upcoming Colgate plant closing. Other traditional manufacturing sectors, like primary and fabricated metals and non-electrical machinery, have had stable or declining employment in recent years. The most dynamic of the manufacturing sectors is scientific instruments, a light industry that

*For the complete detailed study of the Berkeley economy, see Ann Markusen, Jay Jones, Nancey Leigh-Preston, and Neil Mayer, "The Berkeley Economy: The Prospects for Economic Development Planning," Working Paper No. 355, Institute of Urban and Regional Development, University of California, Berkeley.

**The absence of data on these employers prevented us from incorporating these sectors into the study.

Table 1:

Total Private Sector Employment by 1-Digit Sector
Berkeley, 1980 and Annual % Change 1978-80

Sector	% of Total 1980	Annual % Change
Agriculture	0.9	-15.7
Construction	7.3	+8.4
Manufacturing	20.4	+0.7
Transportation	2.6	-4.1
Wholesale Trade	5.1	+0.3
Retail Trade	27.3	+3.2
Finance, Insurance and Real Estate*	2.3	+6.4
Services	33.9	+9.3
TOTAL**	100%	+3.8

*Excludes building owners/operators, banks, savings and loans and insurance companies.

**Excludes unknown category, 0011, as well as the above.

Source: Business License Tax data, City of Berkeley, December 1978-1980. Figures for 2-digit tables presented below may not correspond precisely because the latter were drawn from July 1980 data.

employs a relatively large proportion of professional and technical workers compared to other types of manufacturing. That sector grew by 58% in just two years, up 176 jobs. Manufacturing is thus an internally volatile sector, with some jobs vulnerable to the national trend toward manufacturing plant closings. But it is still an important component of the Berkeley economy. Economic development efforts must try to engender light manufacturing of the desirable kind to replace job losses in heavier subsectors.

Services are the fastest growing Berkeley sector. Berkeley has a significantly higher concentration of jobs in this area than does Alameda County as a whole. In the last two years, service employment

Table 2

Major 2-Digit Manufacturing Sectors:
Numbers and Share of Employment, % Change, 1978-80, Berkeley

SIC Code	Sector	% of all Manufacturing	% Change '78-'80
27	Printing and Publishing	11.8	constant
28	Chemicals and Allied	31.0	-11
33	Primary Metals	12.7	+14
34	Fabricated Metals	8.9	constant
35	Non-Electrical Machinery	8.4	constant
38	Instruments, Scientific	8.8	+58%

Source: Business License Tax Reports, 1978, 1980.

grew by about 9% each year in Berkeley, adding more than 1,600 new jobs in that period. Not all of these services are sold to Berkeley residents; some are "exported" outside of the community and should be considered part of the local economic base. Within the service sector, however, segments operate very differently and jobs associated with each type are widely diverse. Most of the growth in recent years has been in the business and health service categories, while personal services have actually declined in employment. Health services form the largest chunk of employment and in the past two years alone, 436 new jobs were created in Berkeley in this sector. Together business and health services account for almost 60% of all service employment, and for the bulk of new job growth.

Two other sectors--eating and drinking establishments which fall in the retail category, and residential construction--also registered large job gains in Berkeley from 1978-80 (see Table 3). The former provided 233 new jobs, growing by 10%, while the latter expanded by 170 jobs, or 21%. The retail sector provides a growing proportion of the sales tax base for the city. Jobs in retailing tend to be lower paid and frequently provide few benefits, although some variation occurs employer by employer. Failure rates also tend to be high for firms starting up in this sector. Growth in both residential construction and retailing are caused in part by the process of gentrification, as higher income groups move into Berkeley. But increases in restaurant meals are also

attributable to more women working and to a growing daytime working population in Berkeley. Increases in residential construction have much to do with retrofitting and insulation to cope with the energy crisis and to meet Berkeley's new standards. Both of these sectors will continue to provide job growth in the future.

The major growth subsectors in Berkeley are listed in Table 3. Together these sectors account for most of the new job growth in Berkeley for the past two years. They led an overall job growth rate of 6% in Berkeley, or approximately 3% per year.

Table 3
Major Expanding Sectors, Berkeley, 1978-80

SIC	Sector	Net New Jobs	% Change
15	Residential Construction	170	+21%
38	Instruments Manufacturing (Scientific, Optic)	176	+58
58	Eating and Drinking Places	233	+10
59	Miscellaneous Retail	171	+8
73	Business Services	695	+44
80	Health Services	538	+21

Source: City Business License Data, 1978-80.

Further work on the size of firm and nature of jobs created in these sectors enhanced our profile of the Berkeley economy. We found that most new job growth has been occurring in sectors dominated by small firms. Cooperatives and collectives are well represented among the job creators. Currently, approximately 1,000 people work in coops and collectives in Berkeley, or about one in every fifty employees. While we could not get direct evidence on employee characteristics, we found that the manufacturing and construction sectors had the largest percentages of jobs in the skilled blue collar worker categories (operatives and craftworkers), while the service and retail sectors offered more jobs in the professional, sales, service and clerical categories. However, dramatic variation within occupational categories in pay levels and skills required of workers, so that it can not be concluded that service occupations, for instance, are necessarily low paying, low skilled jobs. Many health-related jobs fall into this category and offer skilled work and stable, decent incomes to workers in that field.

Looking for evidence on local hiring performance of sectors, we were disturbed to find that the manufacturing and construction sectors have low rates of local hiring, even though relatively large pools of operatives, craftworkers and laborers exist in Berkeley (see Table 4). In the manufacturing and construction categories, Berkeley-based firms employ less than 20% of their workers from the Berkeley population, compared with rates in excess of 50% for professional and personal service employers. More Berkeley workers in blue collar occupations commute to jobs outside Berkeley than in any other category. High cross-commuting rates could reflect several factors such as regional union labor pools. But we must caution that unless the implementation strategy for the economic development plan includes requirements that firms benefitting from economic development aid hire Berkeley residents, expansion of such jobs may not reach those members of the Berkeley population targeted.

In order to profile the Berkeley residential population, whose employment is a central concern of the project, we had to rely on relatively outdated Census information, supplemented by more recent data on unemployment gathered through existing survey and state Employment Development Department efforts. The Berkeley labor force has changed in the last ten years, with losses of both black and white populations. There are now 16,000 fewer whites in Berkeley than in 1970 and almost 7,000 fewer blacks. The black percentage decline is greater than the white decline. 1980 Census figures are not yet available on the age, gender and income composition of the current population, but older data indicates that the highest levels of unemployment are borne by the largely black population living in West Berkeley.

Concentrating our labor supply analysis on West Berkeley, we found that occupationally, this area has larger proportions of crafts, operatives, laborers and service workers than in other areas of Berkeley (see Table 5). Residents of this area are more apt to work for private sector employers than other Berkeley residents, many of whom hold professional occupations in the University or with other public sector employers. Residents of the target area are also more likely to commute outside Berkeley to find work than are other residents.

Unemployment in Berkeley in highest among minorities, among youth and among those in the crafts, operatives and laborer occupational categories. However, unemployment strikes across occupational and industrial groups. A fair number of the unemployment surveyed in the Sacramento Street area reported their occupations in the professional and managerial categories.* Many service and clerical workers were also out of work.

B. Implications for Economic Development

Our research on the implications of the Berkeley economy focused on employment growth and change as the central development problem. A

*City of Berkeley, Comprehensive Planning Department, Sacramento Street Improvement Plan, January 24, 1978.

Table 4
Percent Local Hiring by Berkeley Employers, 1970

SECTOR	% of those Working In Berkeley who also Reside in Berkeley
Construction	19.2%
Manufacturing	19.4
Transportation/ Utilities/Communication	29.5
Wholesale/Retail	35.9
Finance/Insurance/ Real Estate	38.7
Business and Repair Service	33.4
Personal Services	56.4
Professional Services*	53.6
Public Administration**	38.3
Other	37.3
TOTAL	42.1%

Source: U.S. Bureau of the Census, Census of Population: 1970,
Subject Reports, Final Report PC (2)-6D, Journey-to-Work,
Table 2.

* Includes most of SIC's 80, 81, 82, 83, 86, 89: Health, Education, Legal, Social Services, Membership Organizations, Architectural, and Accounting, including public sector employment in universities, and secondary and elementary schools.

** Includes federal, state and local public sector workers not classified under education, health or social services, not military.

Table 5
Selected Detailed Characteristics of
the Berkeley Labor Force, 1970

	West Berkeley	Rest of Berkeley
% Black	60.9	7.1
% of Labor Force		
Unemployed	10.2	7.6
% in Selected Occupations:		
Professional/Technical	18.7	43.6
Managerial	4.0	7.4
Craftworkers	10.1	4.2
Operatives	13.0	4.8
Laborers	7.1	2.4
Service Workers	14.5	8.5
% Working at home		
or Walking to work	8.6	26.7
% Working in Oakland	22.0	13.0
% Working for Private Sector		
Employers	61.1	49.7

Source: 1970 Census of Population

healthy and steady rate of growth in employment will result in subsequent increases in the tax base, in expanded sales of local businesses, in growth of new firms to serve the local workforce and in enhanced neighborhood stability. We paid special attention to the problem of unemployment, by identifying the age, sex, race, occupation, and residential location of Berkeley's unemployed. We have been able to document an admirable degree of diversity in the local economy, in both industrial and occupational mixes--a quality that economic development policy should strive to preserve. In subsectors, we identified those exhibiting employment decline as well as those growing rapidly. The research results have permitted us to design a strategy that is aimed at boosting employment while building on Berkeley's already proven growth sectors.

First, we argue below for the selection of specific sectors that promise substantial job expansion. Such sectors must meet the criterion of feasibility, i.e. they must have shown dramatic growth potential very recently. We are looking here for innovative sectors in which Berkeley may become a regional center, much as Santa Clara County has become a center for electronics (though we do not envision the scale and problems of Silicon Valley!), or sectors in which significant unmet demand is presently forcing Berkeley buyers to look elsewhere for service provision. Such sectors must also meet the criterion that their labor demands match Berkeley's unusual labor force--high levels of professional/technical workers and substantial numbers of blue collar workers with high vulnerability to unemployment.

We found two sectors that meet these criteria. One is what we have dubbed the energy sector, actually comprising diverse design, fabrication, sales, and service (including residential construction) aspects of the new energy business. We believe that Berkeley has an ideal opportunity to engender this infant industry and become a regional, even international, center for private sector activity. The energy sector generally involves light manufacturing, with substantial requirements for skilled labor (both professional and blue collar), thus matching Berkeley's available labor force.

The second sector is services. We noted that child care and health services in particular are rapidly expanding sectors in Berkeley. Such services are extraordinarily labor intensive, and range in maintenance an service workers to highly paid professionals and technicians.

In addition to arguing for a sectorally targetted strategy, our research on the Berkeley economy led us to argue for further targetting of Berkeley economic development efforts: to small firms, to innovative efforts, to high unemployment locations, and to decentralized locations, including some revitalization attention to the downtown.*

In order to bridge the gap between analysis and plan implementation, we undertook further studies of the specific sectors identified above--the energy sector and child care as a subsector of services. In each case, further research was designed to uncover the barriers to business expansion in Berkeley and to detect ways in which a modestly funded City effort could enhance private sector efforts by marshalling economic development aid, providing technical assistance, and finding suitable locations for firms wanting to start up or expand.

III. A NEW ENERGY INDUSTRY FOR BERKELEY**

*See the final section of "The Berkeley Economy" for an elaboration of these points.

**See also Amy Skewes-Cox, Creating Jobs in Berkeley by Alternative Energy Strategies, available from University of California, Institute of Urban and Regional Development.

Objectives 4.5, 4.7, and 4.8, respectively, of the City's Economic Development Plan, state the following: "Establish regional and national prominence in the incubation and development of new industries," "Encourage new industries and industrial expansion that incorporate appropriate technology," and "Provide special technical assistance to appropriate industries to facilitate the use and recycling of renewable resources."

A. The Energy Sector

Probably Berkeley's biggest success story in terms of incubating a small business sector that has grown to regional and national prominence as a new industry is in the area of backpacking, camping, and recreational equipment. Other prominent new industries innovated in Berkeley are natural foods, certain aspects of microelectronics and precision instruments, and biological engineering. The area of greatest promise for future growth of employment as a new industry, taking advantage of the unique characteristics of Berkeley's labor force and educational and cultural milieu, is in energy conservation, appropriate technology, and renewable resource development.

Demand for new products and services that conserve the use of fossil fuels is burgeoning. Business Week, in its April 6 cover story on "Energy Conservation: Spawning a Billion-Dollar Business," identifies energy conservation as a leading growth area for the 1980s and 1990s.* For example, the magazine predicts that energy management systems for buildings will be a \$1.8 billion business by 1990. These systems are based on the development of precision measuring devices. Since manufacturing of scientific instruments is already one of the fastest growing sources of employment in Berkeley, the potential exists for innovations that could make Berkeley-based firms national leaders in this field.

Business Week also predicts that residential energy conservation will grow from a \$4.5 billion business in 1980 to \$30.7 billion in 1990. Residential construction, which consists largely of rehabilitation, is one of the strongest areas of job growth in Berkeley. Since this rehabilitation includes insulation, weatherization, retrofitting, and the other main components involved in residential energy conservation, Berkeley firms could become prominent in serving the fast-expanding regional market for conservation. Berkeley firms in equipment, supplies, and retail trade can also profit from the projected huge expansion in demand for residential energy conservation products. In the case of both commercial and industrial building management and residential retrofit, well-designed job training and education programs will play an essential part in expanding employment opportunities for Berkeley residents.

The City of Berkeley has already taken some very important steps in the area of energy conservation and renewable resource development. The 1980-81 Annual Report lists the major areas: 1) passage of the

*Business Week, April 6, 1981, p. 58-69.

Residential Energy Conservation Ordinance; 2) conservation in city government; 3) incentives for solar improvements. In addition, the City Council has proclaimed 1981 "Energy Self-Reliance Year" and the City Manager's Office is already working with the Community Energy Coalition, the Young Adult Project, Peralta Colleges, the Alternative Energy Collective, and other groups to find ways that Berkeley residents can capture a significant share of the millions of dollars of residential conservation work that will take place in Berkeley over the next few years.

Members of these community groups and the City Manager's Office are currently studying two program ideas: 1) to create a community development corporation to capture a share of the residential energy conservation business and provide employment and training for Berkeley residents as well as low-cost, quality products and services; 2) to establish a city-owned training center for weatherization, insulation, residential audits and other work, which if PG&E and California Energy Commission certified, and tied to local contractors that are PG&E and State certified, will greatly enhance job opportunities for Berkeley residents. The training program, in particular, working with the Young Adult Project, targets the group with the highest unemployment problems in Berkeley, minority youth. Chart 1 lists the already large number of Berkeley firms and organizations involved in energy conservation and renewable resources.

Yet despite this excellent progress, we feel that economic development policy in the energy field has not been ambitious enough. There is more at stake than just Berkeley residents capturing a percentage of new employment in residential conservation in Berkeley. The potential currently exists for Berkeley to become a major regional and even national center for the production of goods and services for energy conservation and renewable resource use. There is a growing national and international market for goods and services in this sector, and Berkeley, with its strong research institutions (the University of California and Lawrence Berkeley Labs), highly-educated and skilled labor force, and innovative cultural and economic milieu, could become one of the main growth centers in the alternative energy field. Thus the possibility exists for not just a few millions of dollars worth of business to be captured by local entrepreneurs, but in fact billions of dollars, and major expansions of employment in manufacturing, marketing, research and development, and a host of spin-offs.

The key area where Berkeley has a comparative advantage is not in mass marketing or mass production, which are subject to severe factor cost constraints and scale economies, but in new product and service innovation. The experimental culture of the community and the scientific training and conservation-consciousness of many of its residents make Berkeley an ideal spawning-ground for technological and social innovations in alternative energy. Professionals trained in a variety of fields from engineering to architecture to biological and social sciences can and do work together to pioneer alternative ways of living (witness the Farallones Institute's Integral Urban House). In research and development, Lawrence Berkeley Labs' Energy and Environmental Division has been a national leader on many important aspects of energy

conservation. To translate innovative research and development into new products and services, the City should pursue an aggressive policy of aiding interested entrepreneurs in finding industrial and commercial space in Berkeley, in obtaining access to capital, and in finding the necessary proportions of labor with appropriate skills.

Some components of Berkeley's new energy industry would include the following:

- Research and Development
- Architectural/Engineering Design and Consulting Firms
- Manufacturing (Solar Panels, Measuring Devices, Regulating Systems, Prefabricated Greenhouses, Wind Systems, etc.)
- Weatherization (Sales and Installation)
- Energy Auditor Services
- Renewable Energy Systems (Sales and Installation)
- Educational Center (General Education, Scientific Education, Vocational Training)

The city of St. Paul, Minnesota has already recognized the potential employment growth possibilities in the energy sector. The Port Authority is now in the process of developing 218 acres of abandoned rail yards and vacant city-owned land into an Energy Park, which will combine residential, commercial, and industrial uses in an energy-efficient center utilizing the latest in building technology, including district heating. The St. Paul Energy Park will contain two major structures devoted exclusively to providing space for small energy businesses: a 300,000 square foot "Energy Technology Center" to be developed by Control Data Corporation that will lease space to innovative energy companies interested in applying computer technology to solve energy problems; and a 150,000 square foot facility to be developed by the Marfield Corporation. The Port Authority is working with other private foundations and corporation on the development plans.*

California's state government has adopted a number of policies toward energy conservation and renewable resource development that could aid Berkeley in its quest to become an "alternative energy capital city." Among these policies are the solar tax credit, PUC regulations on energy conservation (requiring PG&E and other utilities to provide free residential energy audits and low or no interest loans for

*Master Plan: Saint Paul Energy Park, Port Authority of the City of Saint Paul, March 1981. See also Margaret Hilton, Targeting Energy Jobs to People and Neighborhoods, (Washington, D.C.: Center for Renewable Resources, 1981), pp. 19-21.

Chart 1
List of Energy Businesses in Berkeley

WEATHERIZATION

Charles Drain
Howard Resnick
John Argue
Young Adult Project
Insul-Tek
Plant Insulation
Bayfield Enterprises, Ltd.

WEATHERIZATION AND AUDITING

Dave Clark
Don Simon

AUDITING

Energy Conservation Inspection Service

RENEWABLE INSTALLATION

Ehret Co.
E. H. Merrill Co.
Solar Heating Systems
Spring Mountain Energy Systems
Dr. Solar
Solaris
Solar Center San Francisco
Tubmakers

MANUFACTURING

Solar Homes, Inc.
Sun Source Approved Energy Products

DISTRIBUTION

Solar

Jerry Yudelson (does education too)
Alternative Energy Collective
Good Earth Sun and Glass

Conservation

Rhodes-Jamieson
Replacement Window Corporation
Aero Power Systems

DESIGN CONSULTANTS

Dunpart Design
Energy Management Consultants
R.L. Heaton, Consulting Engineers
Ken Lipton Plumbing and Heating
Jim Maloney, Builder/Designer
Metamorphosis Construction
Sol-Arc, Architecture & Energy Consulting
Four Seasons Solar
The Habitat Center

RETAILERS

Ashby Lumber
Berkeley Ace Hardware
Berkeley Plumbing Co.
Cobb's Hardware
Co-op Hardware
Bolfin's Elmwood Hardware
Rhodes-Jamieson
South Berkeley Hardware
Suendermann's
Thousand Oaks Hardware
Truitt and White Lumber
West Berkeley Hardware
Whole Earth Access Co.

EDUCATION

Urban Ecology
Owner Builder Center
Farallones Inst./Integral Urban House
Community Energy Coalition
Ecological Design Group
CNR Alumni Association
CalPirg
ASUC Municipal Lobby
Berkeley Community Self-Reliance Collective
Mutual Aid
Earth Lab Institute
Ecology Center
Inquiring Systems, Inc.
Northern California Solar Energy Association
Lawrence Hall of Science
New Earth Exposition

OTHER

Asians for Job Opportunities
East Bay Japanese for Action
Berkeley Youth Alternatives
Employment Preparation Program
Urban Ore
Whole Earth Recycling
Gray Panthers of Berkeley

conservation), Energy Commission loans to local government for conservation of public buildings, the alternative energy revenue bond issue, the SolarCal Council, technical assistance through a variety of state agencies, and the special energy provision of the Industrial Development Revenue Bond Law.

In addition, the State of California recently established the State Assistance Fund for Energy--Business and Industrial Development Corporation (SAFE-BIDCO), which will make millions of dollars in loans to small businesses in the alternative energy field. The Governor's Public Investment Task Force is exploring ways that the state's \$30 billion in public pension funds can help expand the work of SAFE-BIDCO by purchasing the guaranteed portions (usually 90%) of loans guaranteed by the U.S. Small Business Administration (SBA). The Public Investment Task Force also made a number of other important recommendations on how pension funds can help finance energy conservation and renewable resource development, citing the increasing popularity of such financing mechanisms as the Safe Energy Fund created by Continental Savings and Loan in San Francisco.

One key advantage for Berkeley in creating a new energy industry is the diversity of the types of jobs that would become available. Not only would there be a substantial increase in professional and technical employment, but the manufacturing, sales, and installation operations would create numerous opportunities for skilled, semi-skilled, and even unskilled jobs that can be filled by Berkeley residents now suffering from significant unemployment.

On the other hand, a problem for Berkeley is the lack of available inexpensive commercial and industrial space in which firms can incubate and expand. In several of the innovative areas mentioned above, including camping equipment, electronics, and bio-engineering, firms that began in Berkeley have already departed due to inability to fill their space needs here.

B. Recommendation: An Alternative Energy Research and Industrial Park

A solution is for the City to try and create, or help a private developer create, an Alternative Energy Research and Industrial Park (see Figure A). Five options:

- (1) The Park could be created out of the site of the Colgate-Palmolive plant, should that plant close and the site become available;
- (2) The Park could be developed within the West Berkeley Redevelopment Area;
- (3) Other land in Berkeley west of San Pablo Avenue could be assembled to develop the Park;
- (4) The City can help search for smaller parcels to be developed or space redeveloped, specifically designed for use by energy firms.

- (5) The City can enter into a joint development with the University of California, on University-owned surplus land.

A Berkeley Alternative Energy Research and Industrial Park could contain space for a whole variety of enterprises, from research facilities to experimental product development to manufacturing to wholesale and retail outlets. The very existence of the Park would be its own form of advertising, drawing interested consumers and workers from a wide geographic area. The intellectual ferment of the Park's multiple activities could help spur innovation leading to the development of new products and service with major job-creation potential. In addition, the proposed City-sponsored energy audit and weatherization training center should be located in the Park, to ensure that low-income and unemployed Berkeley residents will have opportunities to obtain jobs in the expanding energy sector.

The City Manager should designate someone as the energy specialist within the Manager's Office, and that person should work together with the staff of the Business Incentive Program to assist alternative energy firms in finding suitable locations to expand their activities within Berkeley. The energy specialist will be responsible for coordinating the efforts to find public and private funding and a developer for the Alternative Energy Park, in conjunction with the Assistant City Manager for Economic Development and the BIP staff's "troubleshooter" and long-range planner (see section on Administration).

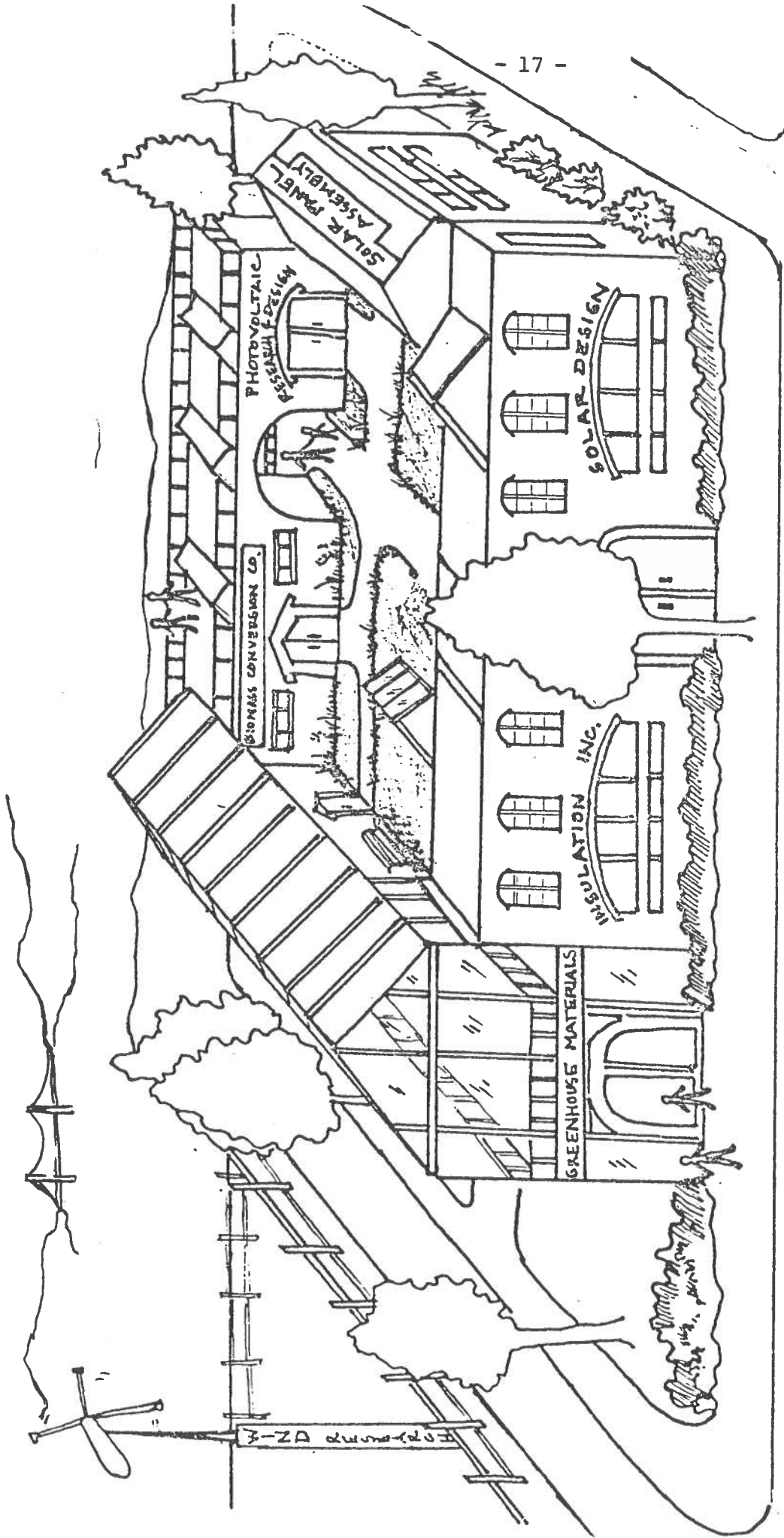
Should the actual development of a Berkeley Alternative Energy Research and Industrial Park prove feasible, then the City might consider, through the BIP, aiding in the creation of a land-banking and space-banking community development corporation or cooperative that could develop and hold land and usable low-cost commercial and/or industrial space for small energy businesses.* Such a policy would help solidify Berkeley's long-term role as a national center for the incubation of innovative industries, and in particular ensure for Berkeley a continuing leadership role in energy conservation and renewable resource development.

IV. ECONOMIC DEVELOPMENT OPPORTUNITIES IN THE SERVICE SECTOR

The service sector is the largest and fastest growing set of Berkeley employers. It holds out dramatic growth potential, spread across many neighborhoods and commercial centers, and is located in relatively small firms which are labor intensive. Each subsector within the service category has its own particular sources of demand, which means that each faces unique obstacles to further expansion. Each thus requires different types of economic development aid tailored to its needs.

Because we could not investigate all the diverse subsectors, we

*Dan Marks, Community Development in South of Market, San Francisco, unpublished paper, 1980, pp. 27-28.



POTENTIAL USERS:

Research and Development
Energy Auditor Services
Weatherization (Sales and Installation)
Renewable Energy Systems (Sales and Installation)
Educational Center (General Education and Vocational Training)
Architectural/Engineering Design and Consulting Firms
Manufacturing (Solar Panels, Wind Systems, Measuring Devices,
Prefabricated Greenhouses, Regulating Systems)

Figure 1:

BERKELEY'S ALTERNATIVE ENERGY
INDUSTRIAL PARK

Note: This is a conceptual
illustration. It is
not site specific.

Illustration: Amy Skewes-Cox

studied two in detail: child care and health services. Child care services are generally provided by either child care centers (medium-scale) or family day care homes (small-scale). The health care sector encompasses many diverse activities, such as home health care, family practices in medicine and dentistry, specialized clinics, and general purpose health maintenance organizations. The proper identification of economic development aid requires a detailed investigation of each specific activity within these sectors.

A. Child Care as an Employment Creator

Child care is a labor intensive activity that provides employment for a growing number of Berkeley residents, particularly women, minorities and young people. We estimate that at least 650 people are employed in Berkeley day care centers and homes. Studies of and interviews with providers suggest that there is a great deal of unmet demand for additional child care in Berkeley from local residents and commuters. This is a service industry with major possibilities for expansion. According to a recent needs assessment, just meeting the demand of all those currently on Berkeley child care center waiting lists would yield 85 new jobs, and centers serve only a modest portion of the total market.*

For many parents, mostly women, family day care has become a means of making a steady income while caring for their own children. Even without children of their own, family day care provides a better income than many other types of employment outside the home because it covers part of the cost of equipping and maintaining the household. In addition to serving as a source of income, family day care permits many Berkeley residents, particularly in southwest Berkeley, to keep their homes in an era when housing prices and rents are escalating fast. Family day care homes are among the best kept and most attractive in appearance, and the day time presence of adults and children in yards and on streets helps serve to keep a crime-detering watch on neighborhoods.

Child care may appear to be the unusual service sector activity and an odd candidate for economic development aid. We chose it because it met our criteria of growth potential and of high job-generating potential for low income and high unemployment groups in the Berkeley labor force. Since it is not a highly profitable sector, yet is a substantial employer, we believe that probing its economic development potential demonstrates the gains that may be made in numerous parallel sectors that by themselves seem modest in size and unlikely job generators.

In order to enhance the job-creation potential of family day care

*A detailed analysis of the economics of child care is presented in the companion paper, Ann Markusen and Marjorie Bennett, "Job Creation in the Family Service Sector: The Case of Child Care," available from the Institute of Urban and Regional Development, University of California, Berkeley.

in Berkeley, there are a number of low cost policies the City can adopt:*

- (1) Small Loans--The City, through the EDA Revolving Loan Fund or some other source, can make available small loans not in excess of \$5,000 for people to rehabilitate their homes to make them safe and suitable for family day care.
- (2) Zoning--A more favorable attitude toward permitting family day care in neighborhoods would be helpful and in keeping with both economic development and important neighborhood preservation goals.
- (3) Technical Assistance--In addition to continuing to fund Berkeley Children's Services and Bananas, the City could establish a tool-lending library and a contract carpenter and plumber, available at reasonable fees to child care providers, to help with minor repairs and conversion of space. Also, the Fire Department, which currently inspects day care homes for safety, could provide consultation with providers to help them meet safety standards.
- (4) Space Provision--The City could take a more active role in negotiating leases with the Berkeley Unified School District to provide space at modest rates to child care providers and parent coops. Closed schools could be converted to child care centers and related uses. In addition, the City could require new construction of significant size to include child care space leasable to potential providers, just as it now requires the provision of adequate parking space for cars.
- (5) The Business Incentive Program and the Private Industry Council--Since child care is an important arena for job creation in Berkeley, the staff of the Business Incentive Program should provide technical assistance to day care businesses. One way to facilitate this would be to appoint a representative of the Berkeley-Albany Licensed Day Care Operators Association to the Board of Directors of the Private Industry Council (PIC).
- (6) Employer Based Child Care--The City should encourage all Berkeley employers to assist in the provision of child care. Major employers, including the University of California, should be expanding rather than contracting their day care facilities. The City could help employers with space, zoning, and other technical problems, and also help set up a model child care center for its own employees.

*Community Development Block Grant funds currently contribute to the South Berkeley Child Care Program. An economic development focus on child care should complement this existing service, which permits lower income parents to afford child care. Since our study confines its recommendations to stimulating private sector activity without increasing budgetary commitments, we have not explored the social services aspect of child care here.

- (7) Information and Referral--Referring parents to existing providers and community agencies, as well as providing a means by which more parent cooperatives can form, will enhance employment opportunities within Berkeley for child care workers.

B. Other Service Sector Possibilities

Similar analysis and recommendations could be undertaken for other service activities in Berkeley. The health care industry, for example, resembles the child care case in some respects. Two types of unmet health needs are easily identified: home health and homemaker services for senior citizens, and community-based health clinics and offices for preventive and routine health care.

Health care for the elderly is expanding rapidly as the older population in Berkeley increases in size. In many cases, the elderly and infirm must resort to costly hospitalization because insufficient home health and homemaker services exist. These services are strikingly similar to the child care case. Some adult day care is parallel in form, though in a majority of cases rather than care for them in their own homes providers commute to the homes of clients. Home health care encompasses a range of services to the homebound, from skilled health care to various supportive services. Skilled care--giving shots, changing dressings, and other functions that require certified technical skill--is provided by a Registered Nurse. Nurse aides and home health aides perform such functions as helping patients bathe and groom. Homemakers and some home health aides supply supportive services such as housekeeping, cooking, grocery shopping, transportation, recreational outings, and so on. For many people these supportive services are the critical factors allowing them to continue living at home.*

Home health care is growing rapidly nationwide: in 1958, there were only a few thousand home health aides while by 1975, there were about 60,000. This figure is expected to rise to about 300,000 in the near future.** Home health care creates a number of low and semi-skilled jobs in addition to using professional staff such as nurses. Health aides and homemaker positions do not require long term training and may prove especially appropriate for the previously unemployed. Such positions may also serve as first steps on the health care career ladder for Berkeley young people.

Community-based health care offices and clinics could also be engendered in Berkeley. In a sample survey of the spending patterns of 75 households in the Sacramento Street Study Area, it was found that only 1.5 percent of the households' purchases of medical and dental services took place on Sacramento Street; 2.3 percent of the purchases were made in the Alcatraz-Adeline district; 25.0 percent in the rest of

*Cynthia B. Kelly, A Consumer's Guide to Home Health Care, Community Care Foundation, Oakland, CA, p. 2-16.

**Economic Development Law Project Report, May/June 1978, p. 8.

Berkeley; an overwhelming majority--71.2 percent--of the medical and dental service purchases of these residents were made outside of Berkeley. The same report acknowledges that "if better facilities were available locally, it is likely that a substantial portion of these dollars could be kept within the community.**

Engendering community-based health care facilities will provide more job and training opportunities in addition to meeting consumer demand. For instance, a neighborhood-based senior meals program conducted by the Fresno Economic Opportunities Commission provides jobs for 90 people in that community and opportunities for training and career development in food services, e.g. as cooks, assistant cooks, kitchen helpers, servers, site persons, and site managers.* The average dental office with one to three dentists employ several other people of varying skills: hygienists, receptionist, bookkeeper.

These selected examples from the health sector call for similar City-initiated aid to that suggested for child care: various forms of small-scale technical and financial assistance, reevaluation of City regulations, information and referral. In addition, the City might undertake special activities unique to the needs of the health sector. For instance, it might investigate bulk purchasing of medical supplies and food for health clinics and centers. It might also marshal existing federally-funded programs, such as transportation funds for the elderly and disabled, and meals-on-wheels programs as stimuli for a private sector health expansion effort.

While we have not done the research, we suspect that similar kinds of economic development effort could boost employment in other parts of the service sector. The specifics of these sectors need to be researched before detailed recommendations can be made.

V. ADMINISTRATION

A. Proposed City Economic Development Structure (See Chart 2)

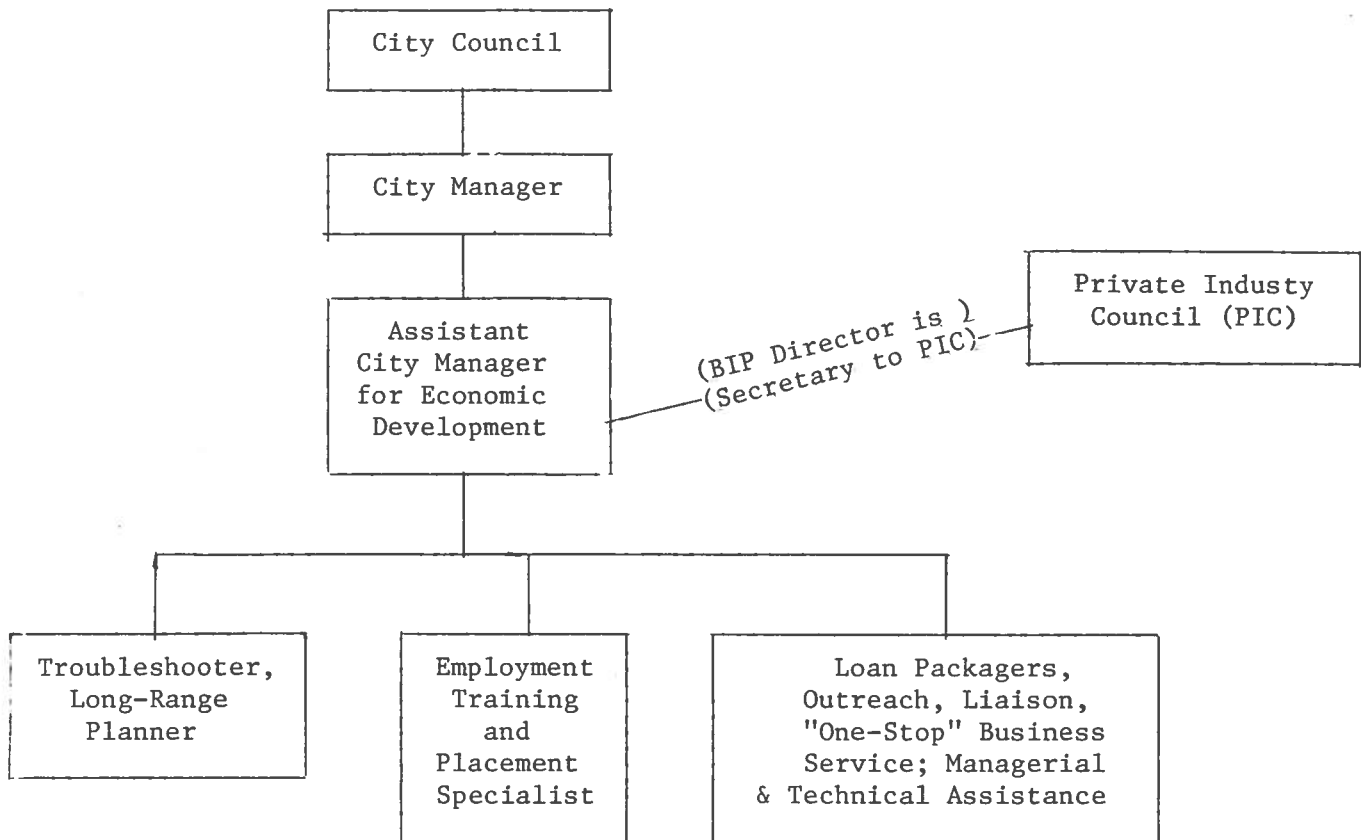
Situation: Responsibility in the City Manager's Office

Until now the City Manager's Office has had difficulty pursuing an economic development strategy due to understaffing, the pressing needs of other issues, unclear lines of authority, and the lack of policy guidelines.

**City of Berkeley, Comprehensive Planning Department, Proposed Sacramento Street Area Improvement Plan, September 1977, pp. 93, 26-28.

*National Economic Development and Law Center Report, November/December 1979, p. 8.

Chart 2
Proposed Administrative Structure
for Economic Development



Recommendation:

Designate an Assistant City Manager from within the current staff, or hire an additional Assistant City Manager, to be chiefly responsible for administration and coordination of the City's entire economic development program. This person would oversee all economic development activities, from immediate service delivery to long-range planning.

Situation: BIP Staff Structure and Roles

At the present time the Business Incentive Program (BIP) is the one place within the City Manager's Office where staff time and resources are devoted to economic development activity. The salaries of four of the five employees in the BIP program are paid for by federal grant (CETA-PSIP funds). The fifth position is paid out of the City's General Fund. Currently, the program is without a Director.

Recommendations:

(1) Hire a highly-skilled individual to fill the vacancy as Director of the BIP. The BIP Director should report directly to the Assistant City Manager in charge of Economic Development, and also serve as Secretary to the Private Industry Council (PIC).

(2) Reevaluate the method of staffing the BIP. Currently, three BIP staff positions are filled through subcontracting with the California Employment Development Department, the Bay Area Urban League, and the Berkeley Chamber of Commerce. This staffing method precludes careful search processes conducted by the BIP Director, in consultation with the City Manager's Office and the PIC Board, to find the most qualified individuals to fill those positions. Direct hiring of all BIP staff by the Director would ensure a better match-up of skill levels and commitment to Berkeley economic development goals. Upon the termination of the existing subcontracts, the City should initiate a direct hiring program for the BIP.

(3) Reevaluate the program structure and staff roles of the BIP. After the current subcontracts expire, the BIP should be reorganized according to the following staff structure:

- (a) The BIP Director would be responsible for overall management, working to implement the City's economic development goals in consultation with the Assistant City Manager for Economic Development and the PIC Board of Directors. The BIP Director's salary would be paid for (as now) with CETA-PSIP funds.
- (b) Two staff positions would be devoted to packaging loans and providing an array of technical assistance services to existing and potential Berkeley businesses. The two staffers (who would be paid with CETA-PSIP funds) should have a broad and experienced background of financial, managerial, and legal skills. Technical assistance is an area where the City, through the BIP (as well as through other agencies), can play an important role in Berkeley's economy.

These two staff positions would be responsible for outreach and for the "one-stop" business services program, i.e., helping businesses deal with City permits and regulations, assisting businesses in preparing grant applications, explaining how to take advantage of the federal Targeted Jobs Tax Credit, providing information on how to utilize California's new Industrial Development Revenue Bond Law, and generally acting as a liaison between the private sector and the various levels of government.

The technical assistance provided by these two staffers should be oriented primarily toward small business, covering a range of situations including start-ups, expansions, relocations (both within Berkeley and from elsewhere), day-to-day marketing and management problems. The staffers should have

the knowledge and experience to be able to provide assistance to Berkeley's growing number of cooperatively-run businesses.

- (c) The fourth staff position, also paid for with CETA-PSIP funds, is in the critical area of job training,. This person should be a specialist in the design of job training programs, including on-the-job training, and in job placement. This individual will be responsible for working with private businesses, community colleges, government agencies, and in particular would work closely with the City of Berkeley's CETA administrator.
- (d) The fifth staff position, paid for with General Funds, would perform the vital task of planning for the City's long-range economic development needs. This staffer would serve as the BIP Director's "trouble-shooter," helping create new strategies to implement the economic development goals of the City and the PIC. Responsibilities would include designing innovative programs such as an Alternative Energy Research and Industrial Park, BART air rights development, or land and space banking policies. Coordinating surveys and economic needs assessment would also be the responsibility of this staffer.

Finally, this staff person would work directly with the Assistant City Manager for Economic Development to conduct research and analysis as to the most effective methods of achieving the goals of the City's economic plan. For example, the plan discusses the possibility of creating a city-wide development corporation. This staffer would help the Assistant City Manager research all the issues to make recommendations to the City Council, and could be assigned by the BIP Director to assist in the creation of a corporation, should the City Council deem such action appropriate.

B. The Private Industry Council*

Situation: Relationship to the City of Berkeley

Too much attention at the present time is being focused on whether or not the CETA Title VII Private Industry Council (PIC) should incorporate as an entity independent of the City of Berkeley. The real questions are 1) how to strengthen the BIP staff, which will be attached to the City Manager's Office in any case, and 2) how to strengthen the PIC Board of Directors, so that it functions as an active partner in promoting Berkeley economic development policies. Regardless of the PIC's corporate status, the PIC must negotiate a mutually agreeable program

*See Paul Sussman and Joyce Klemperer, The Berkeley Business Incentive Program: An Analysis of Organizational Structure. Available from University of California, Berkeley, Institute of Urban and Regional Development.

with the CETA Prime Sponsor, which is the City of Berkeley.

Recommendations:

- (1) Encourage discussion between the PIC Board members and the City Council to clarify the goals of each body.
- 2) Develop a statement of mutual agreement between the PIC and the City Council which will enable the BIP staff to work within consistent policy guidelines.

Situation: Method of Selecting the Board of Directors

The current method of selecting PIC Board members allows certain organizations to designate their own representatives. This procedure has resulted in a Board that has lacked cohesion and understanding as to its role under CETA and as part of an overall Berkeley economic development strategy, and that has not been actively involved in the planning or reviewing of PSIP programs carried out by the BIP staff.

Recommendations:

(1) Select all future appointees to the PIC Board on the basis of their individual qualifications. Encourage the City Council to begin a search process to screen and interview future PIC representatives. PIC Board members should be chosen for their skills, experience, expertise, and understanding of job creation and business development and because of their individual commitment to fulfilling the roles of the PIC and BIP in implementing the goals of Berkeley's economic plan as adopted by the City Council.

(2) Expand the PIC Board to include greater representation of Berkeley's diverse business community. A major effort should be made to include more women and minorities. Business representatives should include more people from the economic development target area of South Berkeley, particularly minority-owned small businesses. Representatives from the growing sectors of Berkeley's economy, the innovators in both product line and forms of organization, should be selected. A representative from the University of California should be included to help mobilize university expertise for economic development efforts. Each PIC Board member selected must be knowledgeable and cooperative and willing to take an active part in Board deliberations. In particular, no Board member should be selected unless they live or work in Berkeley. Such a requirement is necessary to ensure both a deep understanding of the community's needs and an active commitment to the future well-being of Berkeley's residents.

VI. COOPERATIVES AND COLLECTIVES

The City of Berkeley is a national leader in the formation and growth of cooperative and collective enterprise. Consumer cooperatives are businesses that are democratically-controlled by members/users. Producer cooperatives and collectives are businesses that are

democratically-controlled by the employee/owners. Cooperatives and collectives in Berkeley currently employ approximately 1,000 workers on a full-time and part-time basis, which means that about one out of fifty people employed in Berkeley works for a coop or collective. In addition, thousands of Berkeley residents are members of coops and/or consumers of goods and services sold by Berkeley's numerous and rapidly increasing number of collectives and cooperatives. In the City's Economic Development Plan, Objective 2.2 of Goal II ("Establish a vehicle to provide technical information to groups seeking to form cooperative enterprise") and Objective 3.3 of Goal III ("Promote capital formation wherever possible as a step toward community self-reliance") are specifically geared to increasing City assistance to cooperative and collective development. Goal II states that the City should "Encourage private, public, and cooperative enterprises to share in the local economy in ways that are mutually supportive."

Recommendations:

I. Support the growth of existing cooperatives and collectives.

- (A) The City should purchase goods and services from Berkeley cooperatives and collectives.
- (B) Establish within the Business Incentive Program an expertise and focus on providing assistance to cooperatives and collectives.
 - 1. Information and referral--maintain a centralized listing of all cooperatives and collectives in Berkeley, indexed by the type of business.
 - a. This will facilitate greater mutually-supportive communication and purchases of goods and services between cooperatives and collectives.
 - b. This will provide a source of consumer information on where to shop at cooperatives and collectives in Berkeley
 - 2. Encourage greater outreach efforts by cooperatives and collectives to hire employees from high unemployment target populations such as in West Berkeley, utilizing existing job training and placement programs and affirmative action requirements for large City purchases and special forms of City aid. Also, promote education as to the potential consumer benefits to low income Berkeley residents from utilizing the cooperative model, either to patronize existing Berkeley cooperative businesses, or to form new West Berkeley-based cooperatives with financial and technical assistance from the regional office of the National Consumer Cooperative Bank.

II. Support development of new cooperatives and collectives.

The BIP staff can:

- (A) Provide legal assistance in setting up a cooperative or collective (or referrals to the appropriate legal authority)
- (B) Assist prospective new cooperative or collective enterprises in finding suitable Berkeley locations and in dealing with City regulations, licenses, fees, and permits.
- (C) Connect interested investors with larger and more experienced cooperatives and collectives for assistance in the areas of marketing, management, finance, accounting, etc.

III. Establish greater liaison between cooperative and collective businesses and the City government by appointing a representative of Berkeley's cooperative/collective business sector to the Board of Directors of the Private Industry Council (PIC) as well as to other City Boards and Commissions.

VII. DEVELOPMENT OPTIONS FOR THE ASHBY BART STATION AIR RIGHTS (SUMMARY)*

In January 1981, the economic development research team from the University of California was asked to undertake a preliminary feasibility study for developing the air-space above the Ashby BART Station. The City owns air-rights to this tract. To meet some or all of the multiple objectives of the city:

- o additional rental housing stock,
- o increased revenues for the city, and
- o increased shopping opportunities for local residents,

the team initially envisioned a development that would combine both residential and commercial structures. We assumed that this combination would also be the most profitable investment for the city and for private developers with whom the city might contract. The development would be energy-efficient in the design and construction, and would lease commercial space (if possible) to energy-oriented firms. (See Figure 2.)

Our preliminary investigation, however, revealed an extremely high cost of development: the ratio of investment to return being so high in the first few years that anything less than a high density, high-rise development would not be financially feasible. The primary reason for the high cost of the development is the very extensive platform that would have to be built, as well as the

*The complete report is entitled "Feasibility Analysis for Development of the Air Rights Over the South Berkeley BART Station," Matthew Steinfeld, June 1981, available from the Institute of Urban and Regional Development, University of California, Berkeley.

COMMERCIAL OFFICE SPACE

GROVE ST.

PARK

E LINE

PARK

HOUSING

Figure 2

COMMERCIAL/RESIDENTIAL PASSIVE SOLAR UNITS

Illustration by Amy Skewes-Cox

costly structural designs suitable for such a formation. Building a parking structure separate from the air-rights development could reduce somewhat the costs of constructing the platform.

Our findings, however, do not lead us to the conclusion that the City discontinue its interest in the development possibility. There may be ways to finance some form of development that would be acceptable to community residents, and reflect the City's objectives, even if the figures of these initial estimates prove to be accurate after further study:

- (1) Capital grants from the Federal government (UDAG or EDA) to reduce construction costs for the developer.
- (2) Loan guarantees (EDA or SBA) to the developer to reduce developer's equity required for investment.
- (3) Joint-Development Agreement with BART District. This last possibility should be explored. BART has initiated a Joint Development Program with cities in which BART stations are located. Though the City of Berkeley owns the Ashby BART air-rights, the BART District may have other incentives for entering into a development agreement with the City, (e.g. increased ridership as a result of development).
- (4) Construction of a separate parking garage at a nearby site. If the garage is publicly-owned, it could be financed by the sale of tax-exempt revenue bonds.

The preliminary feasibility study indicates that most feasible development option is to build solely on top of the BART parking lot bordered by Adeline, Essex, Tremont, and Woolsey. Either commercial or residential development on this site of the appropriate density might be of interest to developers. (See Figure 3.) The problem of increased traffic also must be addressed by the City before any development could occur.

VIII. SUMMARY OF RECOMMENDATIONS

A. Targeting and Performance Criteria

1. Target specific sectors, such as energy and services, which promise both rapid growth potential and job creation appropriate to the Berkeley labor force.
2. Target small and innovative firms.
3. Target high unemployment locations, such as West Berkeley.
4. Aim for decentralized development stimuli.

Figure 3
SOUTH BERKELEY BART LAND

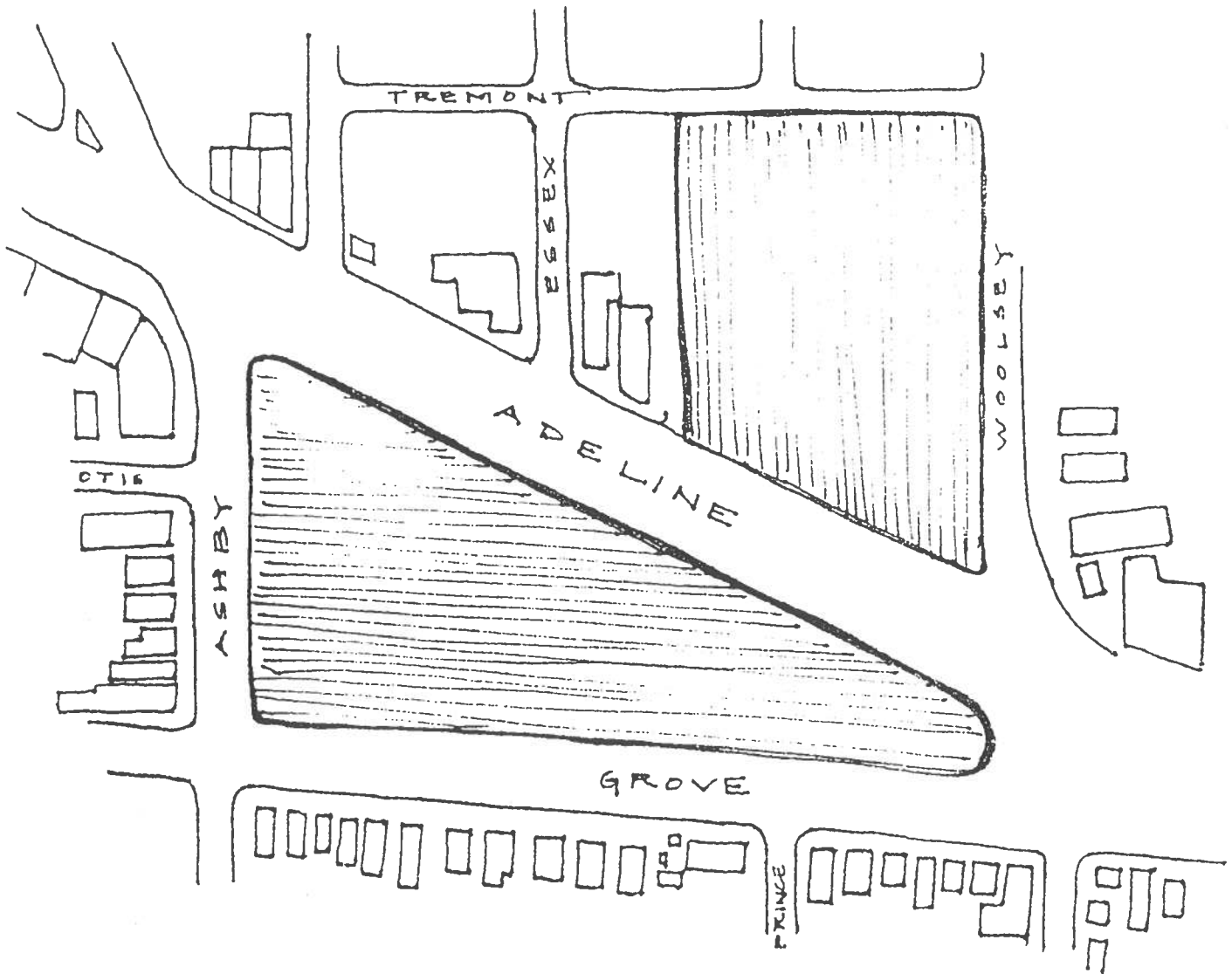


Illustration by Amy Skewes-Cox

5. Monitor performance of firms receiving development aid. Require all firms receiving City financial assistance to provide job creation and affirmative action in hiring and

promotion for Berkeley residents and workers.

B. Engender a New Energy Industry for Berkeley

1. Continue already adopted steps to encourage energy conservation and renewable resource development.
2. Adopt an innovation strategy aimed at boosting Berkeley's lead in alternative energy design and development, using existing new State programs.
3. Create, or help a private developer create, an Alternative Energy Research and Industrial Park. Designate someone as the energy specialist within the City Manager's Office to work with the BIP to assist energy firms in finding Berkeley locations.

C. Facilitate Private Sector Expansion in the Service Sector

1. Study in greater detail the service sectors which seem to be growing most rapidly in Berkeley.
2. Child Care: Use low cost policies such as small loans, zoning flexibility, technical assistance, space provision, information and referral, representation on the PIC and encouragement of employer-based child care to expand jobs in this sector.
3. Health Care: Aid the expansion of home health care, adult care centers, community clinic and private office expansion via small-scale financial and technical assistance, reevaluation of City regulations, information and referral, transportation, and bulk purchasing.

D. Revamp City Economic Development Structure

1. Designate an Assistant City Manager from within the current staff, or hire an additional Assistant City Manager, to be chiefly responsible for administration and coordination of the City's entire economic development program.
2. Hire a highly-skilled individual as Director of the BIP.
3. Reevaluate the method of staffing the BIP and replace subcontracted staff positions by direct hiring by the Director.
4. Reorganize the BIP staff structure:
 - a. The Director should be responsible for overall management and implementation of the Economic Development Plan.
 - b. Two staff positions should be devoted to packaging loans and providing technical assistance to Berkeley businesses.

- c. A fourth position should be dedicated to the critical area of job training.
- d. A fifth position should be established to perform the vital task of planning for long-range economic development needs.

E. Clarify the Role and Structure of the Private Industry Council

- 1. Encourage discussion between PIC Board members and the City Council to clarify the goals of each body.
- 2. Develop a statement of mutual agreement between the PIC and the City Council which will enable the BIP staff to work within consistent policy guidelines.
- 3. Select all future appointees to the PIC Board on the basis of their individual qualifications.
- 4. Expand the PIC Board to include greater representation of Berkeley's diverse business community.

F. Support the Growth of Cooperatives and Collectives

- 1. The City should purchase goods and services from existing Berkeley cooperatives and collectives.
- 2. Establish within the BIP an expertise and focus on providing assistance to cooperatives and collectives.
- 3. Support the development of new cooperatives and collectives by offering legal assistance, aid in finding space, help in meeting City regulations, and facilitating the contact between interested investors with larger and more experienced coops and collectives for technical assistance.
- 4. Appoint a representative of Berkeley's cooperative/collective business sector to the Board of Directors of the Private Industry Council as well as to other City Boards and Commissions.

G. The South Berkeley BART Station

- 1. Consider an energy conservation-oriented air-rights development that would combine with commercial and residential uses.
- 2. Explore possible means of reducing construction costs to the private developer by securing Federal or State capital grants, loans, or loan guarantees.
- 3. Explore possible joint development with BART District.

4. Study the parking, traffic, and neighborhood preservation issues, which must be resolved before engaging in large scale development on this site.

THE BERKELEY LOCAL ECONOMIC DEVELOPMENT PROJECT

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