



AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: Alexa Jeffress
Director, Economic &
Workforce Development
Department

SUBJECT: Chinatown Business Improvement
District 2021

DATE: May 13, 2021

City Administrator Approval

Date: May 26, 2021

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution (1) Declaring An Intention To Form The Chinatown Community Benefit Business Improvement District 2021 ("Chinatown BID 2021"); (2) Granting Preliminary Approval Of The Chinatown BID 2021 Management Plan; (3) Directing Filing Of The Proposed Chinatown BID 2021 Assessment District Boundary Description With The City Clerk; (4) Directing Distribution Of A Ballot To All Affected Property Owners In The Proposed Chinatown BID 2021 To Determine Whether A Majority Protest Exists; And (5) Scheduling A Public Hearing For July 20, 2021.

EXECUTIVE SUMMARY

Adoption of the attached Resolution of Intention will initiate a special election and legislative process to determine whether the proposed Chinatown Community Benefit District 2021 (hereinafter as Chinatown BID 2021 or Chinatown CBD 2021) can be formed. Property-based Business Improvement Districts (BIDs), also known as Community Benefit Districts (CBDs), provide opportunities for property owners to support the vitality of their commercial neighborhoods. Chinatown is a significant cultural asset to the City. The Oakland Chinatown community has been contemplating a BID formation for many years and has conducted extensive outreach and engagement with Chinatown stakeholders through the Chinatown Chamber of Commerce.

The proposed Chinatown BID 2021 would generate special assessment revenues of approximately \$1,309,837 per year for a period of 10 years, or up to approximately \$16 million over the life of the district. Effective dates of the assessment will be July 1, 2021, through June 30, 2031, and related special benefit services will be provided January 1, 2022, through December 31, 2031. The use of these funds would be consistent with the Management Plan (**Attachment A**) drafted by district representatives and could include but is not limited to: civil sidewalks security services by the Chinatown ambassadors program, special benefit cleaning, marketing, hospitality, public right of way beautification and other economic development services within the district.

BACKGROUND / LEGISLATIVE HISTORY

In 1999, the City Council adopted the City of Oakland Business Improvement Management District Ordinance (Ordinance No. 12190 C.M.S., codified as Chapter 4.48 of the Oakland Municipal Code) which allows for the formation of property-based special assessment areas, called business improvement districts (BIDs). Such districts are geographically defined and are managed through a private/public partnership which administers and oversees enhancement services, activities and programs above the existing municipal services. The management of the BID services are paid for through the special assessment charged to all property members within the district.

The Oakland City Council also authorized initiation of the Neighborhood Business Improvement District Program in 1999 (Resolution No. 75323 C.M.S.) to assist neighborhood representatives in their efforts to form such districts.

In Fall of 2020, the Oakland Chinatown Chamber of Commerce led a steering committee comprised of community residents and property stakeholders who hired New City America, Inc., a private consultant firm, to assist with the feasibility study and formation of the proposed Chinatown CBD 2021.

Geographic Boundaries, Assessments and Benefits

The proposed boundaries of the Chinatown CBD 2021 include approximately 52 square blocks consisting of 1,293 parcels (1,277 assessed) owned by 1,033 property owners, including parcels owned by the City of Oakland, with projected first year revenues of \$1,309,837. The proposed Chinatown CBD 2021 is generally bounded by:

- On the south: the 880 freeway from Fallon Street on the east to Franklin Street on the west.
- On the north: the parcels on both sides of 13th Street from Webster Street on the west to Lakeside Drive on the east.
- On the west: due to the inclusion of Chinatown properties in the 2018 renewal of the Downtown Community Benefit District, the western boundary continues east to the intersection of Franklin Street and 8th Street, then running up Franklin to include all of the parcels on the east side of Franklin up to the intersection of 11th and Franklin Streets, excluding all of the parcels on the east and west side of the street, facing on to Franklin Street. More info can be found in the maps provided in the Plan and Engineer's Report.
- On the east: the parcels on the west side of Fallon Street from the 880 freeway to 10th Street, and then including both the Oakland Museum and Kaiser Convention Center sites, continuing on the west side of 14th Street up to both sides of 14th Street and Lakeside Drive.

A map of the proposed Chinatown BID 2021 boundaries appears in Section IV of the attached Chinatown CBD 2021 Plan (***Attachment A***) and in Appendix 2 of the attached Chinatown CBD 2021 Engineer's Report (***Attachment B***).

The proposed Chinatown BID 2021 district will be serviced by two geographically based Benefit Zones. The specific land uses in the two Benefit Zones will have different assessments based upon the ownership, use and function of the parcel(s).

A map of the two Benefit Zones serving the proposed Chinatown BID 2021 boundaries appears in Appendix 2 of the attached Chinatown CBD 2021 Engineer's Report (**Attachment B**).

Activities completed by the Chinatown BID 2021 will be detailed in annual reports to the City Council and could include but are not limited to: special benefit cleaning, hospitality ambassadors, enhanced public safety efforts and various marketing and promotional activities.

Approval Process

To adopt the attached Resolution of Intention, the City Council would need to first receive a petition in favor of forming the Chinatown BID 2021, endorsed by property owners consisting of more than 30 percent of the weighted value of the property assessments that would be imposed if the Chinatown BID 2021 is established. If the petition is duly endorsed, the City Council may adopt the attached proposed Resolution of Intention and conduct a public hearing not less than 45 days after notice of the public hearing is published.

The City Council shall approve formation of the Chinatown BID 2021 and the assessment if, at the close of the public hearing, a majority protest is not established. A majority protest exists if, upon the conclusion of the public hearing, ballots submitted in opposition to the establishment of the Chinatown BID 2021 and corresponding property assessment exceed the ballots submitted in favor of the Chinatown BID 2021 and corresponding property assessment. In tabulating the ballots, the ballots shall be weighted according to the proportional financial obligation upon the affected property. The results of the balloting will be heard at a public hearing to be scheduled for July 20, 2021, at which time the City Council will also hear public testimony and make a final decision regarding Chinatown BID 2021 formation.

Upon passage of the Resolution of Intention, ballots (**Attachment C**) will be mailed to each affected property owner pursuant to the City of Oakland's Business Improvement Management District Ordinance, Oakland Municipal Code (OMC) Chapter 4.48 (Ordinance No. 12190 C.M.S., 1999, as amended by Ordinance No.13322 C.M.S., 2015) and State Proposition 218.

ANALYSIS AND POLICY ALTERNATIVES

Formation of the proposed Chinatown BID 2021 would represent the ninth property-based BID to be formed in Oakland. Collectively, these districts have contributed significantly to Oakland's economic development and continue to contribute approximately \$6.6 million per year in property tax assessments that are spent on enhanced services and activities. As more mixed-use development occurs in Oakland commercial zones, residential property owners have also begun to benefit from special benefit services provided by BID special assessment districts. As such the cumulative impact of BIDs continues to grow, making them an increasingly useful tool for supporting broader revitalization efforts in Oakland's commercial neighborhoods.

Because BIDs are self-initiated, self-funded, and self-administered, there is limited fiscal impact to the City associated with the proposed district formation beyond any assessment on City-owned property and the cost of staff time to provide technical assistance to the formation effort and ongoing administration of the citywide BID program. The cost of City staff time will already be accounted for in the City's proposed Fiscal Year (FY) 2021-23 budget.

The initiative taken by district stakeholders to form the proposed special assessment district also represents a productive step towards community self-empowerment as well as a viable opportunity to cultivate additional public-private investment partnerships.

If approved by affected property owners under the procedure set forth primarily in OMC Section 4.48.070, the proposed Chinatown BID 2021 will generate approximately \$1,309,837 in year one and up to approximately \$16 million over the 10-year term of the district (if allowable five percent annual increases to the assessments are taken).

Since the proposed Chinatown BID 2021 area includes a number of City-owned parcels, the City would owe approximately \$104,781.38 in FY 2021-22 and an estimated maximum of \$1,317,928.94 over the 10-year life of the district for assessments on 16 City-owned properties located within the Chinatown BID 2021 boundaries. See **Table 1** below for complete list of City-owned properties in the Chinatown BID assessment area.

Given the limitations on municipal funding and a growing need to identify alternate economic development revenue sources, the proposed special assessment district and corresponding City assessment could be considered a reasonable leveraging of public funds. Special benefit services to be provided by the proposed district are intended to improve the conditions of the affected commercial corridor and to stimulate ongoing economic revitalization consistent with City Council goals and objectives.

FISCAL IMPACT

There is no fiscal impact from the approval of this legislation for the intention to form a Chinatown Community Benefit Business Improvement District.

The cost of City staff time to provide technical assistance to the BID formation effort and ongoing administration of the citywide BID Program is accounted for in the City's current proposed Budget and will also be included in future budget development processes as this program continues to expand.

If after the public hearing a majority protest does not exist and Chinatown BID 2021 is formed, a cumulative and approximate annual assessment of \$104,781.38 would be levied on 16 City-owned properties located within the proposed district as follows in **Table 1**:

Table 1: List of City properties subject to FY 2021-22 Chinatown BID 2021 Assessment

Fund Source No.	APN	Site Description	FY 2021-22 Assessment	Owner
	001-0177-001-00	1639TH ST	\$7,809.04	CITY

	001-0179-001-01	822 ALICE ST	\$1,069.92	CITY
	001-0179-001-02	ALICE ST	\$329.92	CITY
	001-0183-001-00	640 HARRISON ST	\$13,528.80	CITY
	002-0060-004-00	FRANKLIN ST	\$0.00	CITY
	002-0060-005-00	FRANKLIN ST	\$0.00	CITY
	002-0060-006-00	FRANKLIN ST	\$0.00	CITY
	002-0071-001-00	250 10TH ST	\$14,053.85	CITY
	002-0089-001-00	125 14TH ST	\$12,465.50	CITY
	002-0091-001-00	OAK ST	\$6,829.65	CITY
	002-0093-006-01	52 9TH ST	\$1,428.60	CITY
	002-0100-002-00	1220 HARRISON ST	\$0.00	CITY
	002-0100-003-00	1220 HARRISON ST	\$0.00	CITY
	002-0100-005-00	1220 HARRISON ST	\$0.00	CITY
	002-0100-011-00	1220 HARRISON ST	\$4,041.10	CITY
	018-0450-004-00	1000 OAK ST	\$43,225.00	CITY
		Grand Total	\$104,781.38	

Funds to pay FY 2021-22 assessments on City properties would need to be included in the City's FY 2021-23 Biennial Budget and would also be included in future budget development processes for an estimated maximum of \$1,317,928.94 over the 10-year life of the district, considering the possible five percent annual rate increase. Payment of the Chinatown BID assessments would be funded from the General Purpose Fund. A resolution to approve payment of the City's assessments will be included in the upcoming July 20, 2021 public hearing agenda materials.

The largest single assessment of City properties would be 1000 Oak Street which includes an annual assessment of \$43,225 which is for the Oakland Museum of California (OMCA). The City of Oakland owns the property and is in a long-term lease with OMCA. OMCA has indicated support for the formation of the Chinatown BID 2021 and is exploring ways to potentially offset the City costs associated with the BID property tax levy. Discussions are still preliminary, and if the BID is successfully formed, there would be opportunities to explore options with the OMCA to offset City costs. This would require separate City/OMCA action outside of the BID formation process.

Per the proposed Chinatown CBD 2021 Management Plan (**Attachment A**), assessment rates may increase by up to five percent per year beginning in year two of the district's 10-year term and contingent upon a recommendation by the Chinatown BID 2021 Advisory Board and City Council approval. If the City acquires additional affected properties during the BID's proposed 10-year term, funding sources for related assessments owed will be identified as part of the City's ongoing budget development processes.

If the Chinatown BID 2021 and corresponding special property assessments are approved, the City Treasury Bureau will provide invoices to tax exempt entities that are not on the County of Alameda's property tax roll. For taxable entities, the County of Alameda will add the assessment as a line item to the annual property tax bill of each affected property owner and remit the

amount collected (less the County's collection fee of approximately 1.7 percent of total assessment) to the City. The City, in turn, will disburse the funds to the district, pursuant to a written agreement between the City and the district's designated non-profit management corporation.

The written agreement between the City and the designated non-profit BID management corporation also provides for an administrative fee to be charged to the Chinatown BID 2021 to recover the City's costs of administering the district, including costs incurred by the Treasury Bureau for providing the services described above.

Lastly, if the Chinatown BID 2021 is formed, program guidelines state that the City is expected to maintain a baseline level of service within the district equivalent to the level prior to formation of the assessment district. Maintaining baseline services, however, commits no additional City funds beyond what already exists. Proportional reductions to baseline services may occur resulting from changes in the City's overall financial condition.

PUBLIC OUTREACH / INTEREST

For the City Council to adopt the attached Resolution of Intention, enabling legislation does not require City staff to conduct public outreach other than the required posting on the City's website. However, district stakeholders, including the Chinatown Chamber of Commerce, did perform outreach necessary to secure the requisite number of property owner petitions to qualify for adoption of the attached Resolution of Intention. In Fall of 2020, the Oakland Chinatown Chamber of Commerce led a BID steering committee comprised of community residents and property stakeholders.

COORDINATION

The Budget Bureau and the Office of the City Attorney consulted in the preparation of this report, legislation and attachments.

SUSTAINABLE OPPORTUNITIES

Economic: The proposed assessment will fund activities which are intended to support the eventual increase of property, sales, and business tax revenues, as well as increased job opportunities and on-going economic development in the historic Chinatown commercial district. Chinatown continues to be a core cultural district for the city of Oakland and enhancements are vital for economic sustainability and preservation of cultural assets.

Environmental: The proposed levy will enable the district to provide a safe walkable district of the affected commercial neighborhood by providing special benefit services such as enhanced sidewalk cleaning, graffiti removal, and trash removal along the affected commercial corridor.

Race & Equity: The proposed special assessment district will incorporate members of the affected commercial neighborhood into a productive and proactive entity representing the interests of that community. Stakeholders themselves will be responsible for administering

district revenues which contributes to community self-empowerment which may, in turn, advance various race and equity goals. In addition, BID funding supports neighborhood revitalization through safety and cleaning programs and community identity through marketing and special event programs.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt A Resolution (1) Declaring An Intention To Form The Chinatown Community Benefit Business Improvement District 2021 ("Chinatown BID 2021"); (2) Granting Preliminary Approval Of The Chinatown BID 2021 Management Plan; (3) Directing Filing Of The Proposed Chinatown BID 2021 Assessment District Boundary Description With The City Clerk; (4) Directing Distribution Of A Ballot To All Affected Property Owners In The Proposed Chinatown BID 2021 To Determine Whether A Majority Protest Exists; And (5) Scheduling A Public Hearing For July 20, 2021.

For questions regarding this report, please contact Jonathan Spencer, Urban Economic Analyst II, at 510-238-3322.

Respectfully submitted,



for

ALEXA JEFFRESS

Director, Economic & Workforce Development
Department

Reviewed by:

Micah Hinkle

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Development Department

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Attachments (3):

- A. Chinatown BID 2021 Management Plan
- B. Chinatown BID 2021 Engineer's Report
- C. Chinatown BID 2021 Sample Ballot