

CITY OF OAKLAND
COUNCIL AGENDA REPORT

OFFICE OF THE CITY CLERK

2006 MAR 23 PM 6:52

TO: Office of the City Administrator
Attn: Deborah Edgerly
FROM: Community and Economic Development Agency
DATE: April 11, 2006

RE: RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO SIGN THE PETITION FOR THE FOUR (4) CITY-OWNED PROPERTIES ON WHICH ASSESSMENTS ARE TO BE LEVIED (APN 025-0722-026-00, APN 033-2130-035-02, APN 035-2352-001-02, AND APN 033-2135-026-02) TO SUPPORT THE FORMATION OF THE FRUITVALE PROPERTY BUSINESS IMPROVEMENT DISTRICT OF 2006.

SUMMARY

The attached resolution is to authorize the City Administrator to sign a petition of support for the proposed formation of the Fruitvale Property Business Improvement District (BID) of 2006. Pursuant to the City of Oakland's Property Business Improvement Management District (BIMD) Ordinance (Ord. 12190, 1999), property owners representing a minimum 30% of projected assessments must sign a petition of support before a resolution of intention to establish a proposed district can be passed.

The resolution of intention is to initiate a formal balloting of all property owners to vote on the proposed special assessment district. Ballots will be mailed to each affected property owner and a public hearing to be scheduled for July 18, 2006 (i.e. not less than 45 days after passage of the resolution of intention). At the public hearing ballots will be tallied and the City Council will hear public testimony before making a decision on the formation of the proposed Fruitvale Property Business Improvement District (PBID) of 2006. Formation of the district requires that a weighted majority (51%) of those responding be in favor of the assessment.

The Fruitvale PBID of 2006, if established, will generate private assessment funds of a currently estimated \$330,359 per year for a district that will last up to five years. The funds will be used to pay for services outlined in a district Management Plan to be drafted by district representatives. The Plan is anticipated to include enhanced security, maintenance and marketing activities within the Fruitvale commercial district.

FISCAL IMPACTS

If the Fruitvale PBID of 2006 is established, the City will be obligated to pay its fair share of assessments on City-owned property within the proposed district. Accordingly, an additional resolution will be presented to City Council to authorize payment of the required assessment in an amount not to exceed approximately \$100,429.56 over the estimated five year maximum life of the district to be paid out as follows:

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Community and Economic Development Committee
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| FY06-07 | FY07-08 | FY08-09 | FY09-10 | FY10-11 |
|-------------|-------------|-------------|-------------|-------------|
| \$18,175.22 | \$19,083.98 | \$20,038.18 | \$21,040.09 | \$22,092.09 |

The above table accounts for a proposed discretionary 5% annual increase in Years 2 through 5 of the district. Any percentage increase must be recommended by the district's advisory board and approved by City Council.

Funds to pay the FY 06-07 assessments have been budgeted to the General Purpose Fund (1010), NCR & SDS organization (88569), Taxes and Assessments account (53511), Business Improvement District (BID)-NCR project (C138410), Neighborhood Commercial Revitalization program (NB30). Staff will make recommendations regarding any new appropriation that may be required to fund the new financial obligation during subsequent budget development cycles.

The City-owned properties within the proposed PBID are Josie de la Cruz Park (APN 025-0722-026-00), Fruitvale Plaza Park at 3500 International Boulevard (APN 033-2130-035-02), Cesar Chavez Park 4201 Foothill Boulevard (APN 035-2352-001-02) and APN 033-2135-026-02.

Under Proposition 218, government-owned properties are not exempt from property-based assessments. This is because public as well as private properties are expected to derive distinct benefits from the activities of the district.

If the levy is approved, 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 (approximately 1.7% of total assessment) to the City. The City, in turn, disburses the funds to the district, pursuant to a written agreement between the City and the district's non-profit management corporation, less the City's costs of processing the disbursement.

Lastly, if the Fruitvale PBID of 2006 succeeds, program guidelines state that the City is expected to maintain a base level of service within the PBID equivalent to the level prior to establishment of the assessment district. Maintaining baseline services, however, commits no additional City funds to the district beyond what already exists. Reductions may occur in keeping with proportional adjustments throughout the city resulting from changes in the City's overall financial condition.

BACKGROUND

In 1999, the City Council approved the Oakland Property Business Improvement District Ordinance (ORD 12190). The ordinance complements the State's Property and Business Improvement District (PBID) law under AB3752. These two pieces of legislation allow for the formation of property-based assessment districts to undertake a range of services within the assessment area, independent from government, to further the development and economic viability of the area.

Also in 1999, Oakland City Council authorized the initiation of the Neighborhood Business Improvement District (NBID) Program to assist neighborhood representatives in their attempts to establish business and property-based assessment districts. Under this program, the City hired consultant, New City America, Inc., to assist the Spanish Speaking Unity Council to complete a preliminary PBID feasibility study and to begin the process of solidifying support for the concept of a PBID among area property owners.

In March 2006, the Fruitvale stakeholders' group submitted evidence of support sufficient to justify spending additional resources to continue the process of district formation.

Securing supportive petitions signed by property owners representing 30% or more of total projected assessments is the next threshold in the process. If enough petitions can be secured, then the district can proceed to the formal ballot process and the public hearing required to achieve final establishment.

KEY ISSUES AND IMPACTS

There is no anticipated adverse impact associated with the formation and operation of the Fruitvale PBID of 2006. However, if formation succeeds the City must pay its fair share of assessments on City-owned property within the district. Payments of these assessments, as described above, will leverage about eighteen times as much in private dollars over the estimated five year maximum life of the district and, therefore, represents a strategic and productive investment of public funds.

Additional positive impacts include an ongoing private funding source for enhanced safety and security to support the economic development of the Fruitvale district. Accordingly, formation of the proposed PBID will enable the district to serve as a positive self-help model for other Oakland business districts.

PROGRAM DESCRIPTION

The proposed Fruitvale PBID of 2006 encompasses approximately 300 parcels. The boundaries of the proposed district would include all parcels along Fruitvale Avenue from E. 12th to Foothill Boulevard, on Foothill Boulevard from Fruitvale Avenue to High Street, on International Boulevard from 29th to 42nd, and on E. 12th Street from 33rd to 37th Avenue. Assessments are based on lot size and by law must be in proportion to the anticipated benefit received by each property.

It is anticipated that the Fruitvale PBID of 2006 will generate approximately \$330,359 of assessment funds per year. Allowing for a 5% discretionary increase per year in assessment billings this represents approximately \$1,825,442 of private investment funds to be collected over the estimated five year maximum life of the district. These funds will be used to pay for services outlined in the Fruitvale PBID Management Plan, developed through a series of meetings with affected property owners. The plan sets forth actions which are intended to improve the commercial climate within the district. Key aspects of the service plan may include cleaning, enhanced security and marketing activities for the district.

The Fruitvale PBID of 2006 will have a non-profit management corporation contracted by the City to handle district operations. A City-appointed advisory board will also be charged with monitoring service delivery within the district and submitting annual service plan reports, including budgets, to the City. The board is required to have at least one member who is a business licensee within the district who is not also a district property owner.

SUSTAINABLE OPPORTUNITIES

Economic: The proposed levy 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 economic development of the Fruitvale commercial district.

Environmental: The proposed levy will enable the Fruitvale PBID of 2006 to continue its efforts to strengthen and beautify the physical image of the existing neighborhood commercial area through the implementation of services such as enhanced sidewalk sweeping to uplift the district's appearance.

Social Equity: PBIDs incorporate members of a business community into a productive and proactive entity representing the interests of that community. Input regarding use of the cash flow generated by the district itself contributes to local entrepreneur self-empowerment and provides enhanced services for the overall physical and economic betterment of the district.

DISABILITY AND SENIOR ACCESS

The authorization of assessments for the PBID has no direct implications for disability and senior access. However, the PBID's efforts toward revitalization may encourage businesses to continue to abide by applicable state, federal and local codes and legislation regarding disability and senior access. Improved public safety and security provided by the PBID could also serve to make the area safer and more accessible to all visitors, including senior citizens and disabled persons.

RECOMMENDATION(S) AND RATIONALE

Adoption of the attached resolution will support the formation of the Fruitvale PBID of 2006 and its planned activities. The formation of the Fruitvale PBID of 2006 represents a proactive effort on the part of private property owners within the district to improve the conditions and image of their area and to productively participate in its economic revitalization. This initiative presents a positive model for other neighborhood commercial areas.

Additionally, because PBIDs are self-initiated, self-funded, and self-administered, there are no anticipated fiscal impacts for the City associated with formation of the Fruitvale PBID beyond the projected maximum of \$100,429.56 to pay the City's share of assessments over the estimated five year maximum life of the district. This amount compared to the approximate \$1.725 million of private dollars it would leverage seems a strategic and reasonable investment of public resources.

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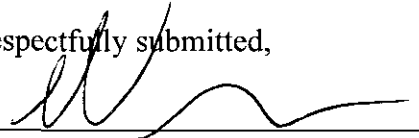
Staff recommends that the City Council approve the attached resolution intended to support the continued formation of the proposed Fruitvale PBID of 2006.

ACTION REQUESTED OF THE CITY COUNCIL

The action requested of the City Council is:

To approve the resolution authorizing the City Administrator to sign the petition for the four (4) City-owned properties on which assessments are to be levied (APN 025-0722-026-00, APN 033-2130-035-02, APN 035-2352-001-02, and APN 033-2135-026-02) to support the formation of the Fruitvale Property Business Improvement District of 2006.

Respectfully submitted,



Daniel Vanderprie
Director of Redevelopment,
Economic Development and Housing

Prepared by:
Stephanie Floyd-Johnson, Manager
Neighborhood Commercial Revitalization

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:



OFFICE OF THE CITY ADMINISTRATOR

OAKLAND CITY COUNCIL

2006 MAR 29 PM 6:52

RESOLUTION NO. _____ C.M.S.

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO SIGN THE PETITION FOR THE FOUR (4) CITY-OWNED PROPERTIES ON WHICH ASSESSMENTS ARE TO BE LEVIED (APN 025-0722-026-00, APN 033-2130-035-02, APN 035-2352-001-02, AND APN 033-2135-026-02) TO SUPPORT THE FORMATION OF THE FRUITVALE PROPERTY BUSINESS IMPROVEMENT DISTRICT OF 2006.

WHEREAS, the City Council approved an Oakland Business Improvement Management District Ordinance (Ord. 12190, 1999) delineating procedures and policies for the formation of a property assessment district within the City of Oakland; and

WHEREAS, the City Council approved a Neighborhood Business Improvement District Program pursuant to Oakland City Council Resolution No. 75323, dated November 9, 1999, to provide technical and financial assistance to stakeholder groups of business owners in the City to assist in the formation of such districts; and

WHEREAS, the City has adopted a policy encouraging the formation of Business Improvement Districts; and

WHEREAS, pursuant to the requirements of the Oakland Business Management District Ordinance stakeholders in the Fruitvale district desire to gather petitions of support signed by property owners representing 30% of the projected assessments for the proposed Fruitvale Program Business Improvement District 2006 (hereinafter "District"); and

WHEREAS, the above threshold of petitions must be secured to continue the District formation process; and

WHEREAS, the District includes four (4) City-owned properties on which assessments are to be levied (APN 025-0722-026-00, APN 033-2130-035-02, APN 035-2352-001-02, APN 033-2135-026-02) which gives the City the right to sign a petition in support of District formation; and

WHEREAS, this resolution clarifies the City Administrator's authority to sign the petition on behalf of the City of Oakland; and

WHEREAS, if the District is established, the assessments will take place on a yearly basis and the District will last up to a maximum five year period ; and

WHEREAS, if the District is established, the projected assessment for the four (4) City-owned properties will be in an amount not to exceed \$100,429.56 to be paid over the maximum five year life of the district; and

WHEREAS, funds to pay the FY 06-07 assessments have been budgeted to the *General Purpose Fund (1010)*, *NCR & SDS organization (88569)*, *Taxes and Assessments account (53511)*, *Business Improvement District (BID)- NCR project (C138410)*, *Neighborhood Commercial Revitalization program (NB30)*; and.

WHEREAS, these assessments are to be made in accordance with the provisions of Proposition 218 and the Oakland Business Improvement Management District policy referenced above;

NOW, THEREFORE, the City Council of the City of Oakland does hereby resolve as follows:

That the City Council hereby authorizes the City Administrator to execute the petition for the four (4) City-owned properties on which assessments are to be levied (APN 025-0722-026-00, APN 033-2130-035-02, APN 035-2352-001-02, and APN 033-2135-026-02) to support the formation of the Fruitvale Property Business Improvement District of 2006.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, ____

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, and PRESIDENT DE LA FUENTE

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____

LATONDA SIMMONS
City Clerk and Clerk of the Council
of the City of Oakland, California