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OAKLAND

2013 MAR 27 AM 11:20

AGENDA REPORT

TO: DEANNA J. SANTANA
CITY ADMINISTRATOR

FROM: Kelley Kahn

SUBJECT: CBD Formation Grant Program

DATE: March 19, 2013

City Administrator
Approval

Date

3/22/13

COUNCIL DISTRICT: Citywide

RECOMMENDATION

Staff recommends that the City Council adopt:

Resolution Appropriating And Allocating Up To \$25,000 In One Time Funding To The Community Benefit District Formation Grant Program And Authorizing The City Administrator To Approve and Execute Grant Agreements

EXECUTIVE SUMMARY

The City of Oakland recognizes the importance and value of business improvement districts. The Office of Economic and Workforce Development (OEWD) has supported the formation and operation of Oakland's nine Business Improvement Management Districts - known as Community Benefit Districts (CBDs) or Business Improvement Districts (BIDs). These public/private partnerships have proven to be successful tools for downtown and neighborhood commercial corridor revitalization. Today, the nine Oakland districts add over \$3.2 million in additional private funding for enhanced general services and serve close to 2,500 businesses and property owners.

A significant obstacle to establishing such a district is the upfront planning cost of technical assistance associated with the exploration, development and outreach requirements. Key technical and professional experts are required to help the interested community explore and implement a successful business improvement management district. Raising funds to cover these required program development activities is often a challenge that prevents new districts from forming.

Given the success of Oakland's current business improvement and community benefit district program, it is a strategic investment for the City to assist in the formation of additional property

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based business improvement districts. Therefore, OEWD is proposing a CBD District Formation Grant Program to accelerate and support district formations. The program will provide matching grants to qualified organizations sponsoring a district formation in a targeted commercial corridor.

OUTCOME

Adoption of the attached Resolution to authorize the creation of the Oakland CBD Formation Grant Program will accelerate the formation of up to three new districts in the next two years.

BACKGROUND/LEGISLATIVE HISTORY

Sections 36500 *et seq.* and 36600 *et seq.* of California Streets and Highway Code provide for the formation of business and property based assessment districts. Pursuant to this legislation, on November 9, 1999, the Oakland City Council approved Resolution No. 75323 C.M.S. that initiated a City of Oakland Neighborhood Business Improvement District Program.

A district functions to create a stable revenue source to fund special benefits, managed by a non-profit corporation of stakeholders, consistent with a "Management District Plan", that is required by the legislation. Once there is a successful weighted supportive vote of the benefiting property owners during a public hearing process, the balloting is followed by the adoption of an ordinance by the local government. The ordinance provides for the annual levy of assessments on parcels, to fund the special benefits desired by benefiting property owners. Similar districts are sometimes called Business Improvement Districts, Maintenance Districts, Community Benefit District, or Special Assessment Districts.

Assessment district revenues fund community based non-profit management corporation to provide special benefit services. They can only legally include those services over and above what a City will normally provide through the general fund. Such special benefit services may include: enhanced cleaning, including steam cleaning of the public rights of way; security services above the services of the local police force; business attraction, marketing and promotion; graffiti and trash removal; administration and advocacy on behalf of business districts or neighborhood commercial corridors; beautification and art; and sponsoring community fairs, festivals or events.

Oakland's existing Business Improvement District program is an instrumental tool in achieving economic vitality in the City's commercial corridors. The program currently generates approximately \$3.3 million in annual assessments. Oakland's nine assessment districts represent close to 2,500 business and property owners in two types of districts:

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BID	PBID/CBD
<i>Business based assessment</i>	<i>Commercial and Residential property based assessment</i>
Montclair Rockridge	Downtown Oakland Lake Merritt/Uptown Korea town/Northgate (KONO) Fruitvale Lakeshore Avenue Laurel Temescal/Telegraph

Oakland's CBDs and BIDs currently focus on providing the following benefits and services:

- Improved safety and cleanliness: security patrols, security and cleaning ambassadors, leadership in Merchant Watch and Neighborhood Crime Prevention Councils, sidewalk cleaning and graffiti abatement services;
- Enhanced district landscaping and beautification, tree trimming, public seating, banners, pedestrian crossings;
- Production of dozens of annual events, including street fairs, seasonal festivals, farmers markets, restaurant walks;
- Increased communication and services to district businesses, residents, shoppers and media via newsletters, websites and news releases--numerous mentions in local, regional and national publications – elevating exposure of Oakland in general;
- Stronger working relationships and program partnerships with City of Oakland staff in Economic Development, Police, and Public Works and other City agencies.

ANALYSIS

Rationale

The district formation process is complex and requires votes among the respective stakeholders (property owners and/or business owners), and two City Council hearings. Professional consultants specializing in these assessment district formations are required. In addition, the City and State enabling ordinance requires that an Assessment Engineer's Report is completed to

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verify the parcel ownership, district assessment methodology and confirm that the Management Plan conforms to the enabling legislation. Formation expenses can range from \$40,000 to \$70,000, depending on the size and type of land uses associated with the proposed district.

Many formation groups find it a challenge to raise the necessary funds. Aware of this challenge, staff believes that matching grants are a way to leverage a modest investment on the City's part for a potentially tremendous gain for the community's and City's economic development goals. If the City does not provide this funding, it is likely that fewer assessment districts will be formed.

Grant program requirements

The CBD Formation Matching Grant Program will initially provide up to three grants of varying amounts. Under the authority of City Administrator, the grants will be provided to eligible formation sponsoring organizations that meet certain criteria. Applicants will need to demonstrate community support, be a 501c3 or be sponsored by an approved fiscal sponsoring organization, provide at least 25 percent matching funds, and demonstrate the support of the affected area through commitments from area property owners and business owners. The initial source of funds totaling \$25,000 are unspent prior year Community Development Block Grant (CDBG) funds allocated to the Economic Development unit. In the future, program funds would have to be identified internally or raised through private sources.

The amount of the grant will be based upon the scale, size and complexity of the proposed assessment district. Funds can be used by the District formation sponsoring group to develop a district management plan, conduct a preliminary poll of support for establishing a district, and/or conduct the final vote to establish a district. Proposals will be evaluated based on the merits of the grant proposal, demonstrated support from area stakeholders, including property and business owners, and the availability of matching funds available from the group or other sources. Merit is determined by demonstrated community interest, and includes documentation of educational and informational meetings attended by a significant group of business or property owners. Financial assistance to interested formation groups is predicated on compliance with established City of Oakland policies and procedures for the establishment and administration of business and property-based assessment districts.

PUBLIC OUTREACH/INTEREST

To support the adoption of the attached resolution, staff worked with the various City offices, the current BID/CBD Managers Council, and reviewed other city legislation and best practices.

COORDINATION

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The City Administrator's Budget Office and the Office of the City Attorney were consulted in the preparation of this report and/or its attachments and exhibits.

COST SUMMARY/IMPLICATIONS

The CBD Formation Matching Grant program is expected to cost up to \$25,000, available currently. For each grant, the formation group will provide a 25 percent match. Initial program funding is proposed to come from unspent prior year CDBG funds; however these are one-time in nature. In future years, program funding would need to be a different source. Funds can also be raised externally from private sources. OEWD staff will manage the grant program.

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:
Up to three grants not to exceed \$25,000 total.

2. INITIAL FUNDING SOURCE:

CDBG Fund	2108
Business Development Project	G01900

FISCAL/POLICY ALIGNMENT

This Program aligns with key City Policies:

- *Policy, economic development and General Plan goals* of improving the vitality, safety, quality of life, shopping options close to home and work, making Oakland more attractive to visitors.
- *Fiscal priorities* of encouraging the formation of assessment districts that will take on the costs of security, maintenance, special projects, and marketing efforts that the City is unable to.

SUSTAINABLE OPPORTUNITIES

Economic: By providing a long term funding stream for at defined period of time, usually five to ten years, to improve quality of life and public safety, assessment districts help stabilize district economies, facilitate business and job growth, expand entrepreneurship opportunities, and increase property values.

Environmental: Assessment districts encourage residents and employees to shop and dine closer to homes and places of work, thus reducing travel by personal vehicle. Many Oakland assessment districts have incorporated "recycle tops" onto district waste receptacles, encouraging the recycling of bottles and cans.

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Social Equity: By providing a steady funding stream to improve quality of life and public safety, assessment districts help to stabilize district economies, facilitate business and job growth, expand entrepreneurship opportunities, and increase property values. The districts also create training, employment and vendor/supplier opportunities for Oakland residents and businesses.

CEQA

This report is not a project under CEQA.

For questions regarding this report, please contact Keira Williams, Urban Economic Analyst III at 238-3853.

Respectfully submitted,



KELLEY KAHN
Director, Economic & Workforce Development

Reviewed by:
Aliza Gallo, Economic Development Manager
Economic and Workforce Development

Prepared by:
Keira Williams, Urban Economic Analyst III
Economic and Workforce Development

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FILED
OFFICE OF THE CITY CLERK
OAKLAND

OAKLAND CITY COUNCIL

DRAFT
City Attorney

2013 MAR 27 AM 11:26 RESOLUTION NO. _____ C.M.S.

Introduced by Councilmember _____

Resolution Appropriating And Allocating Up To \$25,000 In One Time Funding To The Community Benefit District Formation Grant Program And Authorizing The City Administrator To Approve and Execute Grant Agreements

WHEREAS, the City of Oakland contains commercial districts and industry sector groups desiring to form business or property-based assessment districts for the purpose of enhancing the security, safety, appearance, and economic viability of their areas; and

WHEREAS, the formation of assessment districts are an effective tool to increase economic vitality in Oakland's commercial districts by eliminating blight, supporting the retention, expansion and attraction of businesses, and increasing job and entrepreneurship opportunities; and

WHEREAS, Oakland's nine existing assessment districts have helped to bring out improved safety and cleanliness through security patrols, security and cleaning ambassadors, leadership in Merchant Watch and Neighborhood Crime Prevention Councils; sidewalk cleaning and graffiti abatement; enhanced landscaping, seating, sidewalks, pedestrian crossings; production of dozens of annual events, including street fairs, seasonal festivals, farmers markets, restaurant walks; increased communication with businesses, residents, shoppers and media via newsletters, websites and news releases; and stronger relationships with City of Oakland staff in Community & Economic Development, Police, Public Works; and

WHEREAS, the staff of the Office of Economic and Workforce Development has prepared a Community Benefit District (CBD) Formation Grant Program to fund technical assistance to stakeholder groups of businesses and property owners in the City to assist in the formation of such districts; and

WHEREAS, grants of up to \$10,000, not to exceed a total of \$25,000, through the Program will be matched by funds raised by the formation groups, and is a cost-effective investment on the part of the City to leverage its limited resources to create more CBDs in Oakland; and

WHEREAS, initial funding totaling \$25,000 is available in the Community Development Block Grant Fund (2108), Economic Development Organization (02981), Business Development Project (G01900); and

WHEREAS, consultant services are necessary to implement formations, and such services are of a technical, professional and specialized nature, such services are temporary, and will not result in the loss of employment by any City employees; and

WHEREAS, the City seeks to avoid potential delays by authorizing the City Administrator to approve and execute all grant agreements with the budget available for this purpose, now, therefore be it

RESOLVED, that the City Council adopts the Community Benefit District Formation Grant Program and authorizes the City Administer the Program; and be it

FURTHER RESOLVED, that it is in the best interest of the City and revitalization efforts for the assessment district formation groups to enter into contracts directly with consultants on an as needed basis; and be it

FURTHER RESOLVED, that such services are of a technical, professional and specialized nature, such services are temporary, and will not result in the loss of employment by any City employees; and be it

FURTHER RESOLVED, that the City Council authorizes the City Administrator to create and implement an CBD Formation Grant Program application process, select grantees who meet the application criteria, and disburse funds to the grantees in a timely manner within the available budget without further Council authorization; and be it

FURTHER RESOLVED, that the City Council authorizes the City Administrator to appropriate additional funds and authorize additional grants only as they become available through private donations or other sources; and be it

FURTHER RESOLVED, that all agreements executed pursuant to the Resolution be approved as to form and legality by the Office of the City Attorney and be filed with the Office of the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, GALLO, GIBSON MCELHANEY, KALB, KAPLAN, REID, SCHAAF and PRESIDENT KERNIGHAN

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California