



FILED
OFFICE OF THE CITY CLERK
OAKLAND

2016 NOV 22 AM 10: 59

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Mark Sawicki
Director, EWD

SUBJECT: Oakland Tourism BID Annual Report
Approval

DATE: November 1, 2016

City Administrator Approval

Date:

11/21/16

RECOMMENDATION

Staff Recommends That City Council Adopt A Resolution (A) Approving the Fiscal Year 2015-2016 Annual Report of the Oakland Tourism Business Improvement District 2015 Owners' Association ("Visit Oakland"), And (B) Confirming The Continuing Annual Assessment For The Oakland Tourism Business Improvement District 2015 ("OTBID") For Fiscal Year 2016-2017.

EXECUTIVE SUMMARY

Pursuant to enabling legislation, California Streets and Highways Code section 36650 (Property and Business Improvement District Law of 1994), the OTBID Owners' Association must submit an annual report to the City for review and approval. The report includes any proposed changes to the boundary of the district, a description of improvements and activities to be provided in the upcoming fiscal year, an estimate of the cost of providing the improvements and activities, the method and basis of levying the assessment, the amount of any surplus or deficit revenues to be carried over from a previous fiscal year, and any contribution to be made from sources other than the levied assessment. Adoption of the attached resolution would approve the FY 2015-2016 annual report for the OTBID and confirm the continuing annual assessment for the district for Fiscal Year (FY) 2016-2017.

In FY 2016-2017 the above special assessment district will generate an estimated \$1,310,315 of special assessment revenues.

Funds generated will be used to pay for special benefit services outlined in the district's approved Management Plan (on file with the Office of the City Clerk) and annual report (contained in **Exhibit A** to the attached proposed resolution). Services include, special benefit marketing, advertising, sales activities and special events aimed at increasing overnight tourism as well as related occupied room night sales for affected lodging businesses.

The FY 2015-2016 annual report indicates no changes to the boundaries of any of the districts or to the original method and basis of levying the assessment.

Item: _____
CED Committee
December 6, 2016

BACKGROUND / LEGISLATIVE HISTORY

California Streets and Highways Code section 36600 *et seq.* (Property and Business Improvement District Law of 1994) allows for the formation of property and business-based assessment districts to undertake a range of services within the assessment area, independent from government, to further the economic viability of affected commercial areas.

In 1999, the Oakland City Council also authorized initiation of the Neighborhood Business Improvement District (NBID) Program (Resolution No. 75323 C.M.S.) to assist neighborhood representatives in their attempts to form business and property-based assessment districts.

Pursuant to the above legislation the OTBID was formed on July 21, 2015 pursuant to Resolution No. 85725 C.M.S. for a three year term, beginning August 1, 2015 and ending July 31, 2018.

ANALYSIS AND POLICY ALTERNATIVES

Adoption of the attached proposed resolution will enable the OTBID to continue providing special benefit services aimed at increasing occupied room nights for affected lodging businesses.

Since BIDs are self-initiated, self-funded, and self-administered entities, there are no anticipated fiscal impacts for the City associated with continuance of the OTBID.

Given the approximate \$1.31 million of private funds that will be generated in FY 2016-2017 to support affected Oakland lodging businesses, and that lodging business owners themselves voted to form the OTBID, the project merits the City's on-going support.

FISCAL IMPACT

No fiscal impact is anticipated to the City beyond administrative staff time. The OTBID is a self-funded, self-administered entity.

The proposed special assessment district will pay its own operating and administrative costs, including costs for assessment collections and disbursements.

The City will collect and disburse the OTBID assessment to Visit Oakland, the OTBID's designated Owners' Association, less a three percent City administrative fee.

Until disbursed, OTBID assessments will be held in a special trust fund established by the Finance Management Bureau on behalf of the district in Miscellaneous Trusts Fund (7999)/Revenue Administration Organization (08411)/Pass Thru Assessments Account (24224)/Oakland Tourism BID Project (P492310)/Non -Program (0000).

PUBLIC OUTREACH / INTEREST

For the City Council to adopt the attached resolutions, enabling legislation does not require City staff to conduct public outreach other than the required posting on the City's website. District stakeholders, however, did perform outreach necessary to secure Owners' Association board consensus sufficient to generate the attached annual report and proposed FY 2016-2017 district budget (in **Exhibit A** to the attached City resolution).

COORDINATION

The City Controller's Bureau of the Finance Management Bureau and the Office of the City Attorney were consulted in the preparation of this report and/or its attachments and exhibits.

SUSTAINABLE OPPORTUNITIES

Economic: : BID assessments will fund activities which are intended to support an increase of business tax revenues from affected lodging businesses, as well as, increased job opportunities and on-going economic development of the affected businesses.

Environmental: No specific environmental opportunities have been identified.

Social Equity: The above special assessment districts will incorporate members of the affected commercial neighborhood into a productive and proactive entity representing the interests of that community. Stakeholders themselves, as represented by the OTBID Owners' Association, will administer revenues generated by the district which also supports community self-empowerment.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That City Council Adopt A Resolution (A) Approving the Fiscal Year 2015-2016 Annual Report of the Oakland Tourism Business Improvement District 2015 Owners' Association ("Visit Oakland"), And (B) Confirming The Continuing Annual Assessment For The Oakland Tourism Business Improvement District 2015 ("OTBID") For Fiscal Year 2016-2017.

For questions regarding this report, please contact Maria Rocha, BID Program Manager, at 510-238-6176.

Respectfully submitted,



Mark Sawicki, Director
Economic and Workforce Development
Department

Prepared by:
Maria Rocha, BID Program Manager
Economic Development

2016 NOV 22 AM 10:59 OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

RESOLUTION (A) APPROVING THE FISCAL YEAR 2015-2016 ANNUAL REPORT OF THE OAKLAND TOURISM BUSINESS IMPROVEMENT DISTRICT 2015 OWNERS' ASSOCIATION ("VISIT OAKLAND"), AND (B) CONFIRMING THE CONTINUING ANNUAL ASSESSMENT FOR THE OAKLAND TOURISM BUSINESS IMPROVEMENT DISTRICT 2015 ("OTBID") FOR FISCAL YEAR 2016-2017

WHEREAS, the State of California allows for the formation of business assessment districts under Street and Highways Code Section 36600 *et seq.*; and

WHEREAS, the business license holders in the OTBID business district petitioned to form the OTBID under said legislation to undertake the Management Plan for the District ("Plan") which is on file with the City Clerk; and

WHEREAS, the Plan provides for sales, promotion and marketing activities, and other improvements and activities set forth in the Plan with the intent of increasing occupied room night sales within the OTBID (as more specifically identified in the Plan); and

WHEREAS, the Plan was prepared in accord with the provisions of the law overseeing the formation of the OTBID as referenced above, and has been filed with the City Clerk; and

WHEREAS, the OTBID was established by the City Council on July 21, 2015, pursuant to City Resolution 85725 C.M.S.; and

WHEREAS, pursuant to Streets and Highways Code Section 36650, Visit Oakland, has prepared and filed with the City Clerk, the OTBID 2015-2016 Annual Report (attached hereto as **Exhibit A**) ("Report"), which contains the required particulars including a detailed description of the improvements and activities to be provided for the 2016-2017 fiscal year (August 1, 2016 through July 31, 2017), the boundaries of the area and any benefit zones within the area, and the proposed assessments to be levied upon the businesses within the area for the 2016-2017 fiscal year; and

WHEREAS, Streets and Highways Code Section 36650 requires that the City Council must approve the Report, and

WHEREAS, the City Council desires to approve the fiscal year 2015-2016 OTBID Annual Report and to confirm the continuing annual assessment for the OTBID for fiscal year 2016-2017; and

WHEREAS, the District's assessments for fiscal year 2016-2017 will be held (until disbursed) in a special trust fund established by the Finance Management Bureau on behalf of the District in Miscellaneous Trusts Fund (7999)/Revenue Administration Organization (08411)/Pass Thru Assessments Account (24224)/Oakland Tourism BID Project (P492310)/Non-Program (0000); now therefore be it

RESOLVED: that the Council of the City of Oakland does find and state its intention as follows:

1. The OTBID Owners' Association, Visit Oakland, was duly appointed by resolution of the City Council and has filed its Annual Report for the 2015-2016 fiscal year as required by law.
2. The Fiscal Year 2015-2016 Annual Report for the OTBID is hereby approved, adopted and confirmed pursuant to Streets and Highways Code Section 36550, and the City Council does hereby levy and direct the collection of the assessments for the 2016-2017 fiscal year in accordance with the assessment formula as provided for in the Annual Report and Plan on file with the City Clerk.
3. The location and boundaries of the OTBID shall remain the same as specified in the Plan on file with the City Clerk and there are no changes to the boundaries or benefit zones.
4. The types of the improvements and activities proposed to be funded by the levy of FY 2016-2017 assessments on businesses in the area are those specified in the Plan and the Annual Report on file with the City Clerk. No substantial changes in the improvements or activities for the District are proposed to be made.

Continued on next page

5. The proposed method and basis of calculating the assessments to be levied against each business in the OTBID has not been changed, increased, or modified and is that specified in the Plan and Annual Report on file with the City Clerk which was previously adopted after holding the required public meetings and public hearings and protest procedures as provided for by law.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, _____.

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, CAMPBELL WASHINGTON, GALLO, GUILLEN, KALB, KAPLAN, REID, and
PRESIDENT GIBSON MCELHANEY

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____
LATONDA SIMMONS
City Clerk and Clerk of the
Council
of the City of Oakland, California

EXHIBIT A

(To the Resolution to Approve the OTBID FY 2015-2016 Annual Report and Confirming the FY 2016-2017 Assessment)

**Oakland Tourism BID Annual Report (prepared by Visit Oakland)
Relating to the August 1, 2016 - July 31, 2017 Fiscal Year**

(1) There are no proposed changes in the boundaries of the district or in any benefit zones or classifications within the district

(2) The OTBID will provide specific benefits directly to assessed lodging businesses by increasing room night sales.

Marketing, advertising, sales, and special events will increase overnight tourism and market assessed lodging businesses as tourist, meeting and event destinations, thereby increasing room night sales.

(3) The 2016/17 annual budget of revenues and expenses:

Revenue 2016/17	note #1	\$ 1,310,315.00	873,543	occupied room nights at \$1.50/room night
Carry forward 2015/16		\$ 295,077.00		

Total Revenue & Carry Forward \$ 1,605,392.00

Expenses 2016/17:

Marketing & Advertising	60.0%	\$ 963,235.20
Sales	23.0%	\$ 369,240.16
Administration	7.0%	\$ 112,377.44
Special Events	4.0%	\$ 64,215.68
Contingency	3.0%	\$ 48,161.76
City Fee	3.0%	\$ 48,161.76

Total Expenses 2016/17 100.0% \$ 1,605,392.00

Anticipated 2017/18 carryforward \$ -

(4) Per the OTBID Management District Plan as amended 7/21/2015:

\$1.50 per occupied room night at assessed hotels (i.e. lodging businesses with 50 or more rooms)

Assessed hotels shall be every hotel within the City of Oakland that contains more than 50 rooms.

Exemptions:

a) Hotel rooms that are rented in excess of 30 consecutive days which are also exempt from the TOT

b) Hotel rooms rented to any officer or employee of a foreign or domestic government on official business.

c) Hotel rooms rented pursuant to contracts executed prior to August 1, 2015 that excluded collection of assessments.

(5) The carry forward from the 2015/16 fiscal year into the 2016/17 fiscal year is estimated to be \$295,077.00.

There is no estimated carry forward of 2016/17 assessments into the 2017/18 fiscal year

(6) There is no estimated amount of any contributions from sources other than the assessments levied pursuant to the OTBID.

note #1:	The initial year budget as presented and approved by the City of Oakland:	\$ 1,623,611.00
	The actual 2015/16 assessments	\$ 1,258,668.00
	Variance of actual to budget	\$ (364,943.00)

The actual assessments were less than the budget as a result of the exemptions (4.a, 4.b, 4.c) claimed by assessed hotel and actual occupancy was less than the initial estimate.

The 2016/17 assessment is estimated to increase 4.1% over the 2015/16 assessment as occupancy in Oakland increases and the exemption (4.c) is reduced.