



AGENDA REPORT


TO: Jestin D. Johnson
City Administrator

FROM: Ashleigh Kanat
Director, Economic &
Workforce Development
Department

SUBJECT: Resolution of Intention to Form The
Temescal/Telegraph Business
Improvement District

DATE: May 6, 2024

City Administrator Approval


Jestin Johnson (May 9, 2024 08:49 PDT)

Date: May 9, 2024

RECOMMENDATION

Staff Recommends That The City Council Adopt a Resolution (1) Declaring An Intention To Form The Temescal/Telegraph Business Improvement District (Temescal/Telegraph BID); (2) Granting Preliminary Approval Of The Temescal BID Management Plan; (3) Directing Filing Of The Proposed Temescal/Telegraph BID Assessment District Boundary Description With The City Clerk; (4) Directing Distribution Of A Ballot To All Affected Property Owners In The Proposed Temescal/Telegraph BID To Determine Whether A Majority Protest Exists; And (5) Scheduling A Public Hearing For July 16, 2024.

EXECUTIVE SUMMARY

Adoption of the proposed Resolution of Intention will initiate a special election and legislative process to determine whether the proposed Temescal/Telegraph Business Improvement Management District (Temescal/Telegraph BID) can be formed. Property-based Business Improvement Districts (BIDs) provide opportunities for property owners to support the vitality of their commercial neighborhoods. The Temescal/Telegraph BID was formed in 2005, pursuant to [Resolution No. 78730 C.M.S.](#) for a period of 10 years, ending in 2014. The Temescal/Telegraph BID was renewed in 2015, pursuant to [Resolution No. 85148 C.M.S.](#), for a period of 10 years, ending in 2024.

The proposed Temescal/Telegraph BID would generate special assessment revenues of approximately \$815,958.00 per year, with possible annual increases up to seven (7) percent, for a period of 10 years, or up to approximately \$11.2 million over the 10-year life of the district. Effective dates of the assessment will be from January 1, 2025, through December 31, 2034. The use of these funds would be consistent with the Management Plan (See **Attachment A** to the Resolution of Intention) drafted by district representatives and could include but is not limited to: safety, cleaning, marketing, government/community relations, administration and management services within the district.

CED Committee
May 14, 2024

BACKGROUND / LEGISLATIVE HISTORY

In 1999, the City Council adopted the City of Oakland (City) 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 BIDs. BIDs 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 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.

On July 29, 2014, the City Council adopted [Resolution No. 85148 C.M.S.](#) to form the Temescal/Telegraph BID of 2015. The Temescal/Telegraph BID has been providing services above the City's baseline level of service to improve the neighborhood experience within the boundary of the district by making the area cleaner and more inviting and enhancing the economic vitality of the Temescal commercial district.

Given the expiration of the 10-year term of the Temescal/Telegraph BID of 2015 in December 2024, a renewal is needed for the assessments and services to continue. The property owners supporting the Temescal/Telegraph BID formation have submitted petitions representing 30 percent of the total projected district assessments to qualify for the City Council to consider adoption of a Resolution of Intention to renew the Temescal/Telegraph BID.

Approval Process

Chapter 4.48 of the Oakland Municipal Code provides the requirements for BID formation. A general summary is outlined below.

To adopt the attached Resolution of Intention the City Council needs to first receive a petition in favor of forming the Temescal/Telegraph BID, endorsed by more than 30 percent of the weighted value of the property assessments that would be imposed if the Temescal/Telegraph BID 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.

Upon passage of the Resolution of Intention, ballots will be mailed to each affected property owners (a sample ballot is included as **Exhibit B** to the Proposed Resolution of Intention). At the established hearing date and time, the ballots would be opened and be tabulated by the City Clerk. The City Council shall approve formation of the Temescal/Telegraph BID 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 Temescal/Telegraph BID and corresponding property assessment exceed the ballots submitted in favor of the Temescal/Telegraph BID and corresponding property assessment. In tabulating the ballots, the ballots shall be weighted

according to the proportional financial obligation upon the affected property. Given the current schedule, balloting would be heard at a public hearing to be scheduled for July 16, 2024, at which time the City Council will also hear public testimony and make a final decision regarding Temescal/Telegraph BID formation.

ANALYSIS AND POLICY ALTERNATIVES

The Temescal/Telegraph BID has played a key role in the on-going economic development of the Temescal/Telegraph commercial district.

The Temescal/Telegraph BID is one of eight property-based BIDs in Oakland. Collectively, these districts have contributed to Oakland's economic development and continue to contribute approximately \$9.6 million per year in property tax assessments that are utilized for enhanced services and activities supporting marketing, placemaking, security, cleaning services, and economic development activities focused on retention and business attraction. 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.

The initiative taken by district stakeholders to continue 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 and enhanced economic development activity in the City's core commercial neighborhoods.

If approved by the affected property owners under the procedure set forth primarily in Oakland Municipal Code section 4.48.070, the proposed Temescal/Telegraph BID will generate approximately \$815,958.00 in Fiscal Year (FY) 2025-26, and up to approximately \$11.2 million over the 10-year term of the district, if allowable seven percent annual increases to the assessments are taken starting in year two FY 2026-27.

Given the limitations on municipal funding and a growing need to identify alternate economic development revenue sources, the proposed special assessment district 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. Formation of the Temescal/Telegraph BID advances the Citywide Priority of **housing, economic and cultural security**.

FISCAL IMPACT

There is no fiscal impact at this time. However, should the Temescal/Telegraph BID be approved for renewal, there is one property within the proposed district for which the City would be obligated to pay the assessment in the initial approximate amount of \$2,374 per year - APN 014-1219-003, Temescal Library. This expense will be paid from General Purpose Fund (1010), Economic Development Organization (85411), Taxes & Assessments Accounts (53511), Downtown Capital Project (1000169), Downtown Program (SC13). If the City acquires additional

affected properties during the course of the BID's proposed 10-year term, then funding sources for related assessments owed will be identified as part of the City's ongoing biannual and mid-cycle budget development processes.

There are costs of City staff time to provide technical assistance to the BID formation effort and to ongoing administration of the citywide BID Program which is part of the adopted City's Budget supporting the BID Program. As the program continues to grow, additional resources or revenue offset from the BID agreements may need to be evaluated as part of the City agreements with the business improvement districts and would also need to be included in future budget development processes.

If the Temescal/Telegraph BID and corresponding special property assessment are approved, the City Treasury Division would provide invoices to any tax-exempt entities that are not on the County of Alameda's property tax roll, which, in addition to the property owned by the City, include one owned by Pacific Gas & Electric, three by the San Francisco Bay Area Rapid Transit, three by the state of California, one by City of Oakland Housing Authority. For taxable entities, the County of Alameda would add the assessment as a line item to the annual property tax bill of each affected property owner and remit the amount collected to the City and booked into Miscellaneous Trust Fund (7999), Treasury Operations Organization (08721), Pass Thru Assessments Account (24224), DP080 Administrative Project (1000007), Temescal BID Program (TBID). 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 Temescal/Telegraph BID 2025 to recover the City's costs of administering the district, including costs incurred by the Treasury Division for providing the services described above.

Lastly, if the Temescal/Telegraph BID 2025 is formed, program guidelines state that the City is expected to maintain a base 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 City Council meeting requirements. BID stakeholders did perform outreach necessary to secure the requisite number of property owner petitions to qualify for adoption of the attached Resolution of Intention. In late 2024, board members of the Temescal/Telegraph BID board coordinated the creation of the management plan and the engineers report with district stakeholders.

COORDINATION

The City Controller and Revenue Management Bureaus of the Finance Department, the Office of the City Attorney and the City Clerk's Office were consulted in the preparation of this report

and its 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 Temescal/Telegraph BID commercial district.

Environmental: The proposed levy will enable the district to provide a safe, clean and 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. The Temescal/Telegraph BID is not in an equity neighborhood. However, in 2022, the City entered into a contract with Urban Place Consulting (UPC) to provide organizational assistance to underserved commercial corridors, which may include performing BID feasibility studies. With direction from the City, UPC has been engaging groups of business owners and property owners in underserved commercial corridors throughout the City, providing education not just on BID formation, but on alternative means of formal organization, such as establishing nonprofit status or a merchant's organization, that can accomplish many goals of a commercial district while serving as interim steps to BID formation.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt a Resolution (1) Declaring An Intention To Form The Temescal/Telegraph Business Improvement District (Temescal/Telegraph BID); (2) Granting Preliminary Approval Of The Temescal BID Management Plan; (3) Directing Filing Of The Proposed Temescal/Telegraph BID Assessment District Boundary Description With The City Clerk; (4) Directing Distribution Of A Ballot To All Affected Property Owners In The Proposed Temescal/Telegraph BID To Determine Whether A Majority Protest Exists; And (5) Scheduling A Public Hearing For July 16, 2024.

For questions regarding this report, please contact Yanira Cortez, Urban Economic Analyst II, at (510) 238-6683.

Respectfully submitted,

Ashleigh Kanat

Ashleigh Kanat (May 7, 2024 15:53 PDT)

ASHLEIGH KANAT

Director, Economic & Workforce Development
Department

Reviewed by:

Cristy Johnson-Limon, Deputy Director/
Business Development Manager

Prepared by:

Yanira Cortez, Urban Economic Analyst II
Business Development