

CITY OF OAKLAND
AGENDA REPORT

OFFICE OF THE CITY CLERK
2006 JUN -1 PM 12:49

TO: Office of the City Administrator
ATTN: Deborah Edgerly
FROM: Community and Economic Development Agency
DATE: June 13, 2006

RE: **Resolution Authorizing the City Administrator to Sign the Ballot 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; and**

Resolution Appointing the Fruitvale Property Business Improvement District Advisory Board as the Advisory Board for the Fruitvale Property Business Improvement District of 2006

SUMMARY

Pursuant to the City of Oakland's Business Improvement Management District (BIMD) Ordinance (Ord No. 12190 C.M.S., 1999) two resolutions have been prepared regarding the proposed formation of the Fruitvale Property Business Improvement District (PBID) of 2006. The first resolution authorizes the City Administrator to execute the ballot for four City-owned properties on which assessments are to be levied to support the formation of the proposed district. The second resolution will appoint an advisory board for the proposed district.

The estimated annual income of the district is approximately \$324,713, subject to a 5% per year maximum increase over the proposed 5 year life of the District.

Monies generated will be used to provide enhanced cleaning, security and marketing services for the affected Fruitvale commercial neighborhood.

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. The City's total projected assessment will be in an amount not to exceed \$66,964.46 over the proposed five year life of the district to be paid out as follows:

FY06-07	FY07-08	FY08-09	FY09-10	FY10-11
\$12,118.88	\$12,724.82	\$13,361.07	\$14,029.12	\$14,730.57

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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 the 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, formerly Sanborn Park (APN 025-0722-026-00), Fruitvale Plaza Park at 3500 International Boulevard (APN 033-2130-035-02), Cesar Chavez Park at 4201 Foothill Boulevard (APN 035-2352-001-02), and APN 033-2135-026-02, a property located on Foothill Boulevard.

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 No. 12190 C.M.S.). 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.

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.

Pursuant to those efforts on May 16, 2006, the City Council adopted Resolution No. 79906 C.M.S., the resolution of intention to form the Fruitvale Property Business Improvement District of 2006, including granting preliminary approval of the management plan, directing filing of the proposed assessment district boundary description, submitting a proposed assessment to the affected property owners for majority protest procedure approval; and scheduling a public hearing for July 18, 2006. At the public hearing, after receiving public testimony and determining the results of the majority protest procedure, the City Council will decide whether or not to establish the proposed district.

The PBID model for economic development is also being used in the Rockridge (established 2000), Montclair (established 2001), Lakeshore/Lake Park (established 2002), Temescal/Telegraph Avenue (established 2004), and the Laurel district (established 2005) and in other commercial neighborhoods throughout the country.

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 is approved 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 approximately twenty-five times as much in private dollars over the proposed five year 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, cleaning 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 Street to Foothill Boulevard, on Foothill Boulevard from Fruitvale Avenue to High Street, on International Boulevard from 29th to 42nd Avenue and on E. 12th Street from 33rd to 35th Avenue. Assessments are based on lot size and by law must be in proportion to the anticipated benefit received by each property. Accordingly, the assessment amount on each parcel ranges from eight cents to seventeen cents per square foot of lot size, depending on the level of service received.

It is anticipated that the Fruitvale PBID of 2006 will generate approximately \$324,713 of assessment funds in Year 1 of the District. Allowing for a 5% discretionary increase per year in assessment billings this represents approximately \$1,794,244.30 of special assessment funds that may be generated over the proposed five year life of the District. These funds will be used to pay for services outlined in the Fruitvale PBID Management Plan, developed by 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. The City-appointed advisory board will be charged with monitoring service delivery within the District and submitting annual service plan reports, including budgets, to the City Council for review and approval. 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 value, sales, and business tax revenues, as well as increased job and economic development opportunities in the Fruitvale commercial district.

Environmental: The proposed levy will enable the Fruitvale PBID 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 cleaning to improve the District's appearance.

Social Equity: PBIDs incorporate members of the local business community into a productive and proactive entity representing the interests of that community. Administration 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 resolutions 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 \$66,964.46 to pay the City's share of assessments over the proposed five

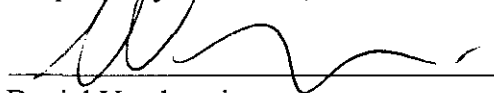
year life of the district. This amount, compared to the approximate \$1.73 million of private dollars it would leverage, seems a strategic and reasonable investment of public resources.

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

ACTION REQUESTED OF THE CITY COUNCIL

The action requested of the City Council is: 1) Adopt the resolution authorizing the City Administrator to sign the ballot 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; and 2) Adopt the resolution appointing the Fruitvale Property Business Improvement District Advisory Board as the advisory board for the Fruitvale Property Business Improvement District of 2006

Respectfully submitted,



Daniel Vanderprien

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 Attorney's Office

OFFICE OF THE CITY CLERK
CITY OF OAKLAND

OAKLAND CITY COUNCIL

2006 JUN -1 PM 12:49

RESOLUTION NO. _____ C.M.S.

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO EXECUTE THE BALLOT 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, property owners in the Fruitvale district have petitioned to form the Fruitvale Property Business Improvement District of 2006 (hereinafter "District") under said legislation to undertake the Management District Plan for the Fruitvale Property Business Improvement District of 2006 (hereinafter "Plan"); 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); and

WHEREAS, 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, APN 033-2135-026-02) have the right to take part in the balloting process related to formation of the district; and

WHEREAS, if the District is established, the assessments will take place on a yearly basis and the District will last for a period of five years; 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 \$66,964.46 to be paid over the 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, this resolution clarifies the City Administrator's authority to sign the ballot on behalf of the City of Oakland; 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 be it

RESOLVED that the City Council hereby authorizes the City Administrator to execute the ballot 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) in support of 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

OFFICE OF THE CITY CLERK
OAKLAND

Approved as to form and legality


Oakland City Attorney's Office

2006 JUN -1 PM 12:48 OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

RESOLUTION APPOINTING THE FRUITVALE PROPERTY BUSINESS IMPROVEMENT DISTRICT ADVISORY BOARD AS THE ADVISORY BOARD FOR THE FRUITVALE PROPERTY BUSINESS IMPROVEMENT DISTRICT OF 2006

WHEREAS, the City Council of the City of Oakland enacted the City of Oakland Business Improvement Management District Ordinance (Chapter 4.48, Ordinance 12190, 1999) establishing the procedures for the formation of business improvement management districts; and

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

WHEREAS, the property owners in the Fruitvale district have duly petitioned to form the Fruitvale Property Business Improvement District of 2006 ("District") under the City of Oakland Business Improvement Management District Ordinance (the "BIMD Ordinance") and have proposed the Management District Plan for the Fruitvale Property Business Improvement District of 2006 for the operation of the District ("Plan"); and

WHEREAS, the Oakland Business Improvement Management District Ordinance (Chapter 4.48, Ordinance 12190, 1999) requires the appointment of an Advisory Board for Districts created pursuant to the Oakland Business Improvement Management District Ordinance; now therefore be it

RESOLVED that:

1. In accordance with Section 4.48.190 of the Oakland Business Improvement Management District Ordinance (Chapter 4.48, Ordinance 12190, 1999) the City Council hereby appoints the Fruitvale Property Business Improvement District Advisory Board as the Advisory Board for the Fruitvale Property Business Improvement District of 2006.
2. The Advisory Board shall report to the City Council, at least annually, as provided for in Section 4.48.200 of the Oakland Business Improvement Management District Ordinance (Chapter 4.48, Ordinance 12190, 1999).
3. In accordance with Section 4.48.190 A of the Oakland Business Improvement Management District Ordinance (Chapter 4.48, Ordinance 12190, 1999), the Advisory Board shall include at least one member who is a business licensee within the District who is not also a property owner within the District.

4. In accordance with Section 4.48.190 B of the Oakland Business Improvement Management District Ordinance (Chapter 4.48, Ordinance No. 12190 C.M.S., 1999), the Advisory Board shall comply with the provisions of the Ralph M. Brown Act [Chapter 9 (commencing with Section 54950) of Part 1 of Division of Title 4 of the Government Code].

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20_____

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