



# AGENDA REPORT

**TO:** Jestin D. Johnson  
City Administrator

**FROM:** Sofia Navarro  
Interim Director, Economic  
& Workforce Development  
Department

**SUBJECT:** Montclair BID Annual Report and  
Fiscal Year 2024-2025 Levy Approval

**DATE:** November 17, 2023

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City Administrator Approval

  
Jestin Johnson (Nov 17, 2023 21:31 PST)

Date: Nov 17, 2023

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## **RECOMMENDATION**

**Staff Recommends That The City Council Adopt A Resolution: 1) Confirming The Annual Report Of The Montclair Business Improvement District Advisory Board; And 2) Levying The Annual Assessment For The Montclair Business Improvement District For Fiscal Year 2024-2025, Including A Five (5) Percent Increase In The Annual Assessments.**

## **EXECUTIVE SUMMARY**

Pursuant to State law, City Council approval is required to levy assessments for merchant-based business improvement districts (BIDs). Therefore, City Council adoption of the attached Resolution is required for the Montclair BID to levy the fiscal year (FY) 2024-2025 BID assessment. The attached Resolution also confirms the Montclair BID's annual report to the City of Oakland (City).

On November 7, 2023, the City Council declared the intention to levy for the fiscal year FY 2024-2025 Montclair BID assessment. If the proposed assessment is approved, the Montclair BID will generate an estimated \$93,700 of special assessment revenues in FY 2024-2025. Funds will be used to pay for special benefit services outlined in the Montclair BID Management Plan (Plan) on file with the Office of the City Clerk and the annual report and budget, prepared and submitted by the Montclair Village Association, the Montclair BID's City Council-appointed advisory board (see Exhibit A to the attached Resolution). The FY 2023-2024 annual report indicates no changes to the district boundaries or to the method and basis of levying the assessments; however, the Montclair Village Association Board of Directors is recommending a 5% increase to the assessment rate across all categories for FY 2024-2025, which is within the allowable amount per the Plan on file with the Office of the City Clerk. Key services include, but are not limited to, enhanced cleaning and public safety services, including private security services, district beautification, including installation and maintenance of decorative banners and benches, and marketing and promotion activities including special seasonal events.

City Council  
December 5, 2023

## **BACKGROUND / LEGISLATIVE HISTORY**

### 1. BID formation and purpose:

Sections 36500 *et seq* of California Streets and Highways Code provide for the formation of business- and property-based assessment districts. Pursuant to this legislation, on November 9, 1999, the Oakland City Council adopted Resolution No. 75323 C.M.S., which initiated a Neighborhood Business Improvement District Program to provide technical assistance to qualified stakeholder groups to explore the feasibility of forming a BID within their respective commercial neighborhood(s). Pursuant to these efforts, the City Council adopted [Ordinance No. 12378 C.M.S.](#) on November 27, 2001 to establish the Montclair BID. Since 2001, the Montclair BID has been renewed annually with the last City Council approval on December 6, 2022 pursuant to [Resolution No. 89513 C.M.S.](#)

Other BIDs (also known as Community Benefit Districts, or, CBDs) successfully formed within the City include Rockridge (established 2000), Lakeshore/Lake Park (established 1997, renewed in 2002, 2012, and 2022), Temescal/Telegraph Avenue (established 2004, renewed in 2014), Laurel (established 2005, renewed in 2015), Koreatown/Northgate (established 2007, renewed in 2017), Lake Merritt/Uptown (established 2008, renewed in 2018), Downtown Oakland (established 2008, renewed in 2018), Jack London (established 2013, renewed in 2023), Oakland Tourism (established 2015, renewed in 2018), and Chinatown (established 2021). BIDs are generally recognized as supporting the goals of comprehensive economic development strategies in various cities throughout the United States.

Revenues generated by BIDs are used to provide a variety of special benefit improvements and services beyond those already provided by the local municipality. Examples of BID-funded special benefits include, but are not limited to, enhanced maintenance, public safety, and marketing and promotion services within affected districts. Enhanced services of this type are intended to support increased sales and business tax revenues as well as increased job opportunities and economic vitality of the BID's affected commercial neighborhoods.

### 2. BID annual report requirements:

Pursuant to [California Streets and Highways Code Section 36533\(a\)](#), BIDs are required to provide an annual report for each fiscal year for which assessments are to be levied and collected. The report may propose changes to the boundaries of the district, the basis and method of levying the assessment, and any changes in the classification of businesses.

The Montclair BID FY 2023-2024 annual report and proposed FY 2024-2025 budget is attached as Exhibit A to the Resolution. It does not propose any changes to the boundaries of the district or to the method and basis of levying the assessment approved by the City Council for FY 2023-2024; however, the Montclair Village Association Board of Directors is recommending a 5% increase to the FY 2024-2025 assessment rate across all categories to enable the district to maintain the current level of services as costs of providing those services and inflation have increased. Recommendations to increase the assessment, up to 5% per year, are allowable per the Plan on file with the Office of the City Clerk. If the City Council approves the proposed FY 2024-2025 assessment that includes a five percent assessment increase from the amount projected in the FY 2023-2024, the Montclair BID will generate an estimated \$93,700 of special assessment revenues in FY 2024-2025.

3. BID annual assessment approval process:

[California Streets and Highways Code Division 18](#) (commencing with section 36500) sets forth the procedures that the City Council must follow to levy the annual assessments for a merchant-based BID. To enable the Montclair BID to collect its FY 2024-2025 assessment, on November 7, 2023, the City Council adopted a Resolution of Intention to levy the FY 2024-2025 Montclair BID assessment, approve the Montclair BID's annual report, and schedule a related public hearing for December 5, 2023. Adoption of the Resolution of Intention was a prerequisite to the City Council's consideration of the attached Resolution to approve the FY 2024-2025 assessment levy.

The related public hearing must take place no less than 10 days after adoption of the Resolution of Intention. City Council may continue the public hearing, but the public hearing shall be completed within 30 days of the Resolution of Intention. Following the public input portion of the hearing, City Council may adopt the proposed resolution to levy the proposed assessment.

4. BID FY 2024-2025 Proposed Assessment:

The Montclair BID encompasses approximately 218 businesses located in and around the Montclair commercial area and estimates an upcoming annual budget of approximately \$148,700, of which \$93,700 represents projected assessment revenues in FY 2024-2025, and \$55,000 of which represents private donations and other non-assessment revenues, as indicated in Exhibit A to the Resolution.

The billing period for the proposed assessment will be January 1, 2024 through December 31, 2024; and services to be paid for by the above billing and collections will also occur on a January 1, 2024 through December 31, 2024 fiscal year basis, per the annual report and proposed FY 2024-2025 budget, attached as Exhibit A to the Resolution.

If the City Council approves the proposed FY 2024-2025 assessment, the Montclair BID will generate an estimated \$93,700 of special assessment revenues. The assessment is based on two variables which include business gross receipts and business type. If approved, the assessments, including the 5% increase for FY 2024-2025, will be collected and expended in accordance with the Plan on file with the Office of the City Clerk and the district's annual report and budget attached as Exhibit A to the Resolution, which includes an updated assessment table for FY 2024-2025. The annual report and budget were prepared and submitted to the City by the Montclair Village Association, the Montclair BID's City Council-appointed advisory board.

**ANALYSIS AND POLICY ALTERNATIVES**

There is no anticipated adverse impact related to adoption of the attached Resolution; however, there would be a negative impact to the Montclair BID if the attached Resolution is not adopted and the Montclair BID FY 2024-2025 assessment levy were not approved. Without the levy and the resulting new infusion of assessment funds in the upcoming fiscal year, special benefit services paid for by the assessments would be curtailed or terminated in FY 2024-2025. However, if the City Council adopts the attached Resolution, the FY 2024-2025 assessment

levy will be approved and special benefit services in the district will continue uninterrupted in FY 2024-2025, as they have for the past 22 years.

Staff is currently unaware of any policy alternatives or alternate funding sources that could replace the estimated \$93,700 of Montclair BID assessment revenues during FY 2024-2025, if the levy were not approved by the City Council.

Staff have reviewed the Montclair BID Annual Report and determined that the described services provided in the previous fiscal year, the activities for the current fiscal year, and planned assessments and activities in the upcoming FY 2024-2025 are in alignment with the activities and use of assessment funds described in the Montclair BID Management Plan and approved by the assessed businesses. Staff is working to update the BID annual reporting requirements to include additional information demonstrating compliance such as submission of the BID Board roster, which will be included in the next annual report. Staff is also working in partnership with the City's BID technical consultant to design and provide training workshops for BID staff and board members that may include Brown Act compliance and best practices for non-profit management/operations.

Levying this assessment for special benefits services advances the Citywide Priorities of **housing, economic and cultural security** and **vibrant, sustainable infrastructure**. BIDs provide additional resources (e.g., public safety, marketing, and cleanliness) that help make commercial corridors vibrant places that are consistently active, better serving the needs of Oakland's business owners and residents.

### **FISCAL IMPACT**

No direct fiscal impact or cost is anticipated to the City from this item. The Montclair BID 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, although the costs of staff time to manage the BID program are only partially recovered by the City's administrative fee. If the levy is approved, the City will conduct a special billing to collect the assessment and will remit the amount collected (minus the City's costs of collection) to the Montclair Village Association, the District's designated non-profit administrator, pursuant to the agreement between the City and the Montclair Village Association which renews annually, contingent upon the annual review and approval of the BID's annual report and the levy of the annual assessments. Until disbursed, Montclair BID assessments will be held in a special trust fund established by the Finance Department on behalf of the district in Miscellaneous Trusts Fund (7999), Economic Development Organization (85411), Pass Thru Assessments Account (24224), DP850 Administrative Project (1000019), Montclair BID Program (MBID).

### **PUBLIC OUTREACH / INTEREST**

Montclair BID representatives performed outreach necessary to secure advisory board consensus sufficient to generate the BID's required annual report and proposed FY 2024-2025 budget, attached as Exhibit A to the Resolution. The City Council also held a meeting on November 7, 2023 after public notice and comment and adopted the Resolution of Intention to take this action.

## **COORDINATION**

The Budget Bureau and Office of the City Attorney were consulted in the preparation of this report and legislation.

## **SUSTAINABLE OPPORTUNITIES**

***Economic:*** Montclair BID assessments will fund activities which are intended to support the increase of sales and business tax revenues, as well as increased job opportunities and on-going economic development of the affected commercial district.

***Environmental:*** Special assessment BID revenues will enable the Montclair BID to continue efforts to strengthen and beautify the physical image of its commercial neighborhood by providing special benefit services such as litter pickup, sidewalk cleaning, and landscaping, which benefit the environment.

***Race & Equity:*** BIDs enhance the ability of all business or property owners who pay into the district to democratically participate in shaping their shared environment through public safety, marketing and beautification efforts. As such, the Montclair BID stakeholders themselves administer and decide upon the use of special assessment revenues generated by the district. This model supports community self-empowerment which, in turn, supports social equity. The Montclair BID is not in an economically disadvantaged neighborhood under the Oakland Department of Transportation Equity Toolkit; however, in 2022, the City entered into a contract with Urban Place Consulting to provide organizational assistance to underserved commercial corridors, which may include performing BID feasibility studies. With direction from the City, Urban Place Consulting has been engaging groups of business owners, property owners, and other stakeholders in underserved commercial corridors, including Little Saigon, the Hegenberger Airport area, and International Boulevard in Deep East Oakland, 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) Confirming The Annual Report Of The Montclair Business Improvement District Advisory Board; And 2) Levying The Annual Assessment For The Montclair Business Improvement District For Fiscal Year 2024-2025, Including A Five (5) Percent Increase In The Annual Assessments.

For questions regarding this report, please contact Shifra de Benedictis-Kessner, Urban Economic Analyst III, at 510-238-6230.

Respectfully submitted,



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