



CITY OF OAKLAND

AGENDA REPORT

TO: Jestin D. Johnson
City Administrator

FROM: Ashleigh Kanat
Director, Economic &
Workforce Development
Department

SUBJECT: Ordinance To Modify The
Maximum BID Term From 10
Years to 20 Years

DATE: October 30, 2024

City Administrator Approval


Jestin Johnson (Oct 31, 2024 19:41 PDT)

Date: Oct 31, 2024

RECOMMENDATION

Staff Recommends That The City Council Adopt An Ordinance Amending Oakland Municipal Code Chapter 4.48 Business Improvement Management Districts Section 4.48.080 To Increase The Maximum Term Length For Business Improvement Management Districts From Ten (10) To Twenty (20) Years

EXECUTIVE SUMMARY

The City of Oakland (City) Business Improvement Management District (BIMD) Ordinance was originally adopted by City Council in late 1999. The proposed legislation would amend the BIMD Ordinance to increase the maximum term length from 10 Years to 20 Years, which would allow any new or renewing Business Improvement District (BID) in Oakland to set a term length for up to 20 years.

BACKGROUND / LEGISLATIVE HISTORY

The concept of BIDs emerged in the U.S. during the late 1970s as a response to declining urban areas. California adopted this model, allowing local businesses to collectively fund improvements in their districts.

In California, there are two separate laws that authorize the formation of a BID: [The Parking and Business Improvement Area Law of 1989](#) (Streets & Highways Code §36500 et seq.) and [the Property and Business Improvement District Law of 1994](#) (Streets & Highways Code §36600 et seq.). These state laws provided the statutory basis for creating BIDs, outlining the processes for formation, governance, and funding.

City Council
November 12, 2024

In 1999, the City Council approved the BIMD Ordinance (Ord. No. 12190 of 1999, codified as [Chapter 4.48 of the Oakland Municipal Code](#)), which established rules and procedures for operation of the BID program. It was subsequently amended by [Ordinance No. 13322 C.M.S.](#), July 21, 2015), which allows for the formation of property-based special assessment districts to undertake a range of special benefit services within the assessment area to support the economic viability of affected commercial neighborhoods.

In 1999, the Oakland City Council also authorized initiation of a Neighborhood Business Improvement District Program (Resolution No. 75323 C.M.S.) to further assist business and property owners to form such districts.

On August 16, 2024, City staff received a letter from the Oakland BID Alliance (**Attachment A**) in support of amending the BIMD Ordinance to extend the maximum term for a BID from 10 years to 20 years. This proposal was originally brought before the Oakland BID Alliance by staff from the Laurel Business Improvement District, which will be seeking to renew in 2025.

ANALYSIS AND POLICY ALTERNATIVES

Section 4.48.080 of the BIMD Ordinance states that the period of time for any BID shall not exceed ten years, which is consistent with the Property and Business Improvement District Law of 1994. However, many other cities in California have adopted increased maximum terms above 10 years. Some cities allow a maximum term of 15 years (e.g., San Francisco, San Leandro, and San Jose), while others allow a maximum term of 20 years (e.g., Richmond, Alameda, and Vallejo). **Attachment B** lists reference cities with term ceilings above 10 years.

Under the proposed amendment, each BID would determine the most appropriate term for their district, with a maximum term of 20 years. Each BID will continue to define their intended term in the District Management Plan during the BID formation or renewal processes. Any BID would have the option of setting a shorter term if they so choose.

The proposed amendment would provide the BIDs greater stability and predictability, allowing for more ambitious and creative initiatives. Greater investment and borrowing options would be possible with a longer BID term. A 20-year term would open up opportunities to fund larger capital improvements, enabling BIDs to better serve their constituent communities and have meaningful and long-lasting impacts on their districts.

Another benefit of extending BID term lengths is to reduce the costs associated with frequent renewal, which can be significant, especially for smaller BIDs with lower annual budgets. This would allow BIDs to allocate more time and resources to making improvements in their districts.

BIDs need to remain responsive to their assesseses, and can be disestablished during their operation, which can be triggered either by a finding of violation by the City Council, or by request of the assesseses themselves. Pursuant to the BIMD Ordinance Section 4.48.220, during the operation of the district, there shall be a 30-day period each year in which assesseses may request disestablishment of the district. Upon the written petition of the owners or authorized representatives of real property or the owners or authorized representatives of businesses in the district who pay 50 percent or more of the assessments levied, the City

Council shall pass a resolution of intention to disestablish the district, followed by a noticed public hearing on disestablishment.

Administration of the BID program advances the Citywide Priority of **housing, economic and cultural security**. 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

The primary fiscal impact of the proposed amendment would benefit the BIDs themselves, reducing the costs of renewal and providing better terms for borrowing over a longer district lifespan. However, since City staff must facilitate multiple resolutions and a public hearing for each BID renewal effort, a reduction in the frequency of BID renewal efforts would reduce strain on existing City resources and staff time.

PUBLIC OUTREACH / INTEREST

Adoption of the proposed BIMD Ordinance amendments does not require City staff to conduct public outreach other than the required posting on the City's website. However, the Laurel Business Improvement District did perform outreach necessary to procure a letter of support from the Oakland BID Alliance, which represents all current BIDs in the City.

COORDINATION

The Budget Bureau and the Office of the City Attorney were consulted in the preparation of this report, legislation, and attachments, as well as the Oakland BID Alliance and the Laurel Business Improvement District.

SUSTAINABLE OPPORTUNITIES

Economic: BID assessments fund activities that are intended to support the eventual increase of property, sales, and business tax revenues, as well as increased job opportunities, and ongoing economic development of affected commercial districts.

Environmental: BID assessments fund special benefit services such as litter pickup, sidewalk steam cleaning, landscaping, public art, directional signage, and public safety capital improvements, which are intended to increase cleanliness of the applicable districts and contribute to the provision of safe, walkable commercial corridors.

Race & Equity: While the majority of existing BIDs are not located in high priority neighborhoods as identified in the OAKDOT equity toolbox, the Lake Merritt-Uptown, Downtown, and Chinatown BIDs are located in such areas and so utilize assessments to support safety, cleaning, marketing, community identity and special event programs for the high priority areas within their boundaries. Because BIDs contribute to community empowerment, the

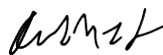
City Council entered into a contract with Urban Place Consulting (UPC) to provide organizational assistance to underserved commercial corridors, which includes performing BID feasibility studies. With direction from the City, UPC has been engaging groups of business owners and property owners in underserved 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 An Ordinance Amending Oakland Municipal Code Chapter 4.48 Business Improvement Management Districts Section 4.48.080 To Increase The Maximum Term Length For Business Improvement Management Districts From Ten (10) To Twenty (20) Years.

For questions regarding this report, please contact YANIRA CORTEZ, URBAN ECONOMIC ANALYST II, at 510-238-6683.

Respectfully submitted,



[Ashleigh Kanat \(Oct 31, 2024 14:43 PDT\)](#)

ASHLEIGH KANAT
Director, Economic & Workforce Development
Department

Prepared by:
Yanira Cortez, Urban Economic Analyst II
Business Development Division

Attachments (2):

- A. Oakland BID Alliance Letter In Support of Amending the City of Oakland Business Improvement Management District Ordinance 4.48 (Ord. 12190 §1, 1999) to Allow Twenty-Year Term
- B. California Charter City Enabling Ordinances - New City America

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Representing over 3,000 businesses and property owners, the BID Alliance *communicates* best practices, and resources, *connects* with key City and agency representatives, and *advocates* on behalf of its members to further the goals of growing and maintaining Oakland’s vital commercial districts.

August 12, 2024

RE: In Support of Amending the City of Oakland Business Improvement Management District Ordinance 4.48 (Ord. 12190 §1, 1999) to Allow Twenty-Year Term.

To: City of Oakland Economic and Workforce Development Department

City of Oakland
1 Frank Ogawa Plaza
Oakland, CA 94612

Dear City of Oakland Staff and Representatives:

The Oakland BID Alliance respectfully requests that the City amend the City of Oakland Business Improvement Management District ordinance 4.48.010 section 080 “Resolution of Intention-Comments” (Ord. 12190 § 1, 1999) to increase the maximum management term for any district from ten (10) years to twenty (20) years, “shall not exceed twenty years.”

The amendment should be drafted to allow a management term of up to twenty years. Each BID will determine the most appropriate term for their district, with a maximum term of 20 years. The management district plan will define the term during the BID formation or renewal processes.

Justification: This language gives the individual districts the flexibility to choose a term length that aligns with its unique needs and circumstances. A longer management term could offer greater stability and predictability, cost savings on renewal, and expanded qualifications for financing infrastructure projects, enabling BIDs to better serve their constituent communities.

Provisions in all management plans, as they currently stand, will allow for disestablishment at any time.

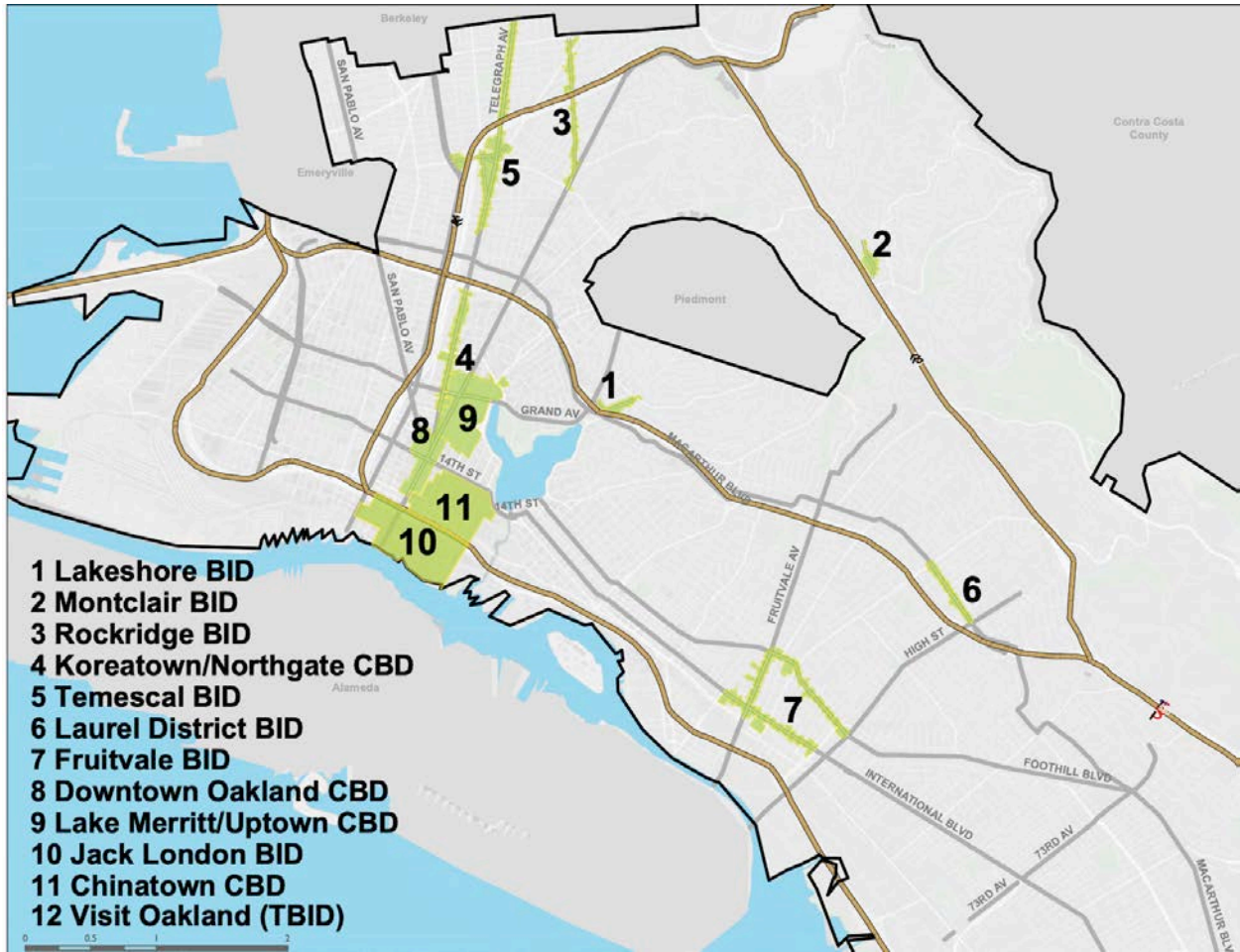
The Oakland BID Alliance, representing all current BIDs in the City of Oakland, supports this amendment.

Thank you. Please let us know if we can submit anything further in support of this request.

Respectfully Submitted,

Oakland BID Alliance







California Charter City Enabling Ordinances that Provide Alternatives to the PBID Law at the Local Level - New City America

<i>City</i>	<i>Year Adopted</i>	<i>Petition Threshold to trigger balloting</i>	<i>Maximum Term</i>	<i>Name of Ordinance</i>
San Diego	1998, amended in 2003, 2016	30%	No term	Maintenance Assessment District
Oakland	1999	30%	10 years	Business Improvement Maintenance District
Berkeley	2001	30%	10 years	BID
San Francisco	2004	30%	15 years	Community Benefit Districts (PBID are not allowed in SF)
Richmond	2004	30%	20 years	Neighborhood Improvement and Commercial Enhancement
Alameda	2005	30%	20 years	Community Benefit District
Santa Ana	2007	30%	10 years	BID
Santa Monica	2008	40%	20 years	BID
San Jose	2007	30%	15 years	Community Benefit Improvement District
Glendale	2012	30%	20 years	Community Benefit District
San Leandro	2012	30%	15 years	Community Benefit District
Arcadia	2012	30%	15 years	Community Benefit District
Vallejo	2013	30%	20	Community Benefit District



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<i>City</i>	<i>Year Adopted</i>	<i>Petition Threshold to trigger balloting</i>	<i>Maximum Term</i>	<i>Name of Ordinance</i>
Redwood City	2014	30%	20	Community Benefit Improvement District
Salinas	2014	30%	20	Community Benefit District
Modesto	2015	30%	20	Community Benefit District
Downey	2015	30%	20	Community Benefit District
Whittier	2016	30%	No term	Community Benefit District
Santa Rosa	2018	30%	No term	Community Benefit District
Santa Barbara	2020	30%	5 year review and then a 20 year continuation	Community Benefit District
Stockton	2022	30%	20 years	Community Benefit District