



AGENDA REPORT

TO: Edward Reiskin
City Administrator

FROM: Alexa Jeffress
Director, Economic &
Workforce Development
Department

SUBJECT: Business Improvement Districts
Annual Reports And Assessment
Payment Approval

DATE: May 17, 2021

City Administrator Approval

Date: May 20, 2021

RECOMMENDATION

Staff Recommends That The City Council And The Oakland Redevelopment Successor Agency (ORSA) Governing Body Adopt The Following Legislation:

- 1) A City Resolution (a) Approving The Fiscal Year 2020-21 Annual Reports Of The Fruitvale Property Business Improvement District Of 2011 (Fruitvale District), The Lakeshore/Lake Park Business Improvement Management District Of 2012 (Lakeshore District), The Jack London Improvement District (Jack London District), The Temescal/Telegraph Business Improvement District 2015 (Temescal District), The Laurel Business Improvement District 2016 (Laurel District), The Koreatown/Northgate Community Benefit District 2017 (Koreatown District), The Downtown Oakland Community Benefit District 2018 (Downtown Oakland District), And The Lake Merritt-Uptown Community Benefit District 2018 (Lake Merritt-Uptown District) Advisory Boards; (b) Confirming The Continuing Annual Assessment For Each Said District, With The Exception Of The Fruitvale District That is Expiring, For Fiscal Year 2021-22 And Levying Said Assessments; (c) Increasing the Lakeshore District By Five (5) Percent For The 2021-2022 Assessment; (d) Authorizing Payment Of The City's Cumulative Fiscal Year 2021-22 Fair Share Assessment In An Approximate Amount Of Two Hundred Seventy-Two Thousand Four Hundred Seventy-Seven Dollars And Four Cents (\$272,477.04) For City-Owned Properties In The Jack London District, The Temescal District, The Koreatown District, The Downtown Oakland District And The Lake Merritt-Uptown District; And (e) Renewing The Agreements With The Districts For Administration And Disbursement Of Funds; And**

- 2) An Oakland Redevelopment Successor Agency (ORSA) Resolution Authorizing Payment Of ORSA's Cumulative Fiscal Year 2021-22 Fair Share Assessment In An Approximate Amount Of Two Thousand Seven Hundred Thirty-Four Dollars And Forty-Eight Cents (\$2,734.48) For One Oakland Redevelopment Successor Agency-Owned Property In The Downtown Oakland Community Benefit District 2018.**

City Council
June 1, 2021

EXECUTIVE SUMMARY

Pursuant to local enabling legislation (Ordinance No. 12190 C.M.S., 1999), City Council-appointed advisory boards for each property-based Business Improvement District (BID), also known as Community Benefit Districts (CBDs), must submit annual reports to the City for review and approval. The reports include any proposed changes to the boundaries of the district, a description of improvements and activities to be provided in the upcoming fiscal year (FY), 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. The annual reports are provided in **Exhibit A** to the accompanying proposed City resolution.

Adoption of the proposed City resolution would approve the FY 2020-21 annual reports for the Fruitvale District, the Lakeshore District, the Jack London District, the Temescal District, the Laurel District, the Koreatown District, the Downtown Oakland District, and the Lake Merritt-Uptown District; confirm the continuing annual assessment for each district for FY 2021-22, with the exception of the Fruitvale District that is expiring; and authorize payment of a cumulative fair share assessment of approximately \$272,477.04 on City property located within the above districts.

Adoption of the proposed Oakland Redevelopment Successor Agency (ORSA) resolution would authorize payment of a cumulative fair share assessment of approximately \$2,734.48 on ORSA property located in the Downtown Oakland District.

BACKGROUND / LEGISLATIVE HISTORY

In 1999, the City Council approved Ordinance No. 12190, C.M.S., establishing the City of Oakland Business Improvement Management District Ordinance, which allows for the formation of property-based assessment districts to undertake a range of services within the assessment area, independent from government, to further the economic viability of affected commercial neighborhoods.

That same year, the City Council also authorized initiation of the Neighborhood Business Improvement District 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 legislative actions, the special assessment districts were formed as follows:

- The Fruitvale District on July 19, 2011, pursuant to Resolution No. 83500 C.M.S.
- The Lakeshore District on July 17, 2012, pursuant to Resolution No.84004 C.M.S.
- The Jack London District, July 16, 2013, pursuant to Resolution No. 84534 C.M.S.
- The Temescal District, July 29, 2014, pursuant to Resolution No. 85148 C.M.S.
- The Laurel District, July 7, 2015, pursuant to Resolution No. 85682 C.M.S.
- The Koreatown District, July 18, 2017. Pursuant to Resolution No. 86864 C.M.S.
- The Downtown Oakland District, July 24, 2018, pursuant to Resolution No. 87323 C.M.S.

- The Lake Merritt-Uptown District, July 24, 2018, pursuant to Resolution No. 87324 C.M.S.

Each district was formed for a 10-year term. The Fruitvale District is expiring this year and the renewal and potential expansion of the Fruitvale District are currently underway. If the Fruitvale District can successfully achieve the required petition threshold in support of the BID renewal, a separate action for the extension would be presented to Council for consideration

ANALYSIS AND POLICY ALTERNATIVES

In FY 2021-22 the above BIDs will collectively generate an estimated \$6,775,131 of special assessment revenues: \$180,935 from the Lakeshore District; \$1,103,682 from the Jack London District; \$697,612 from the Temescal District 2015; \$218,594 from the Laurel District; \$623,181 from the Koreatown District; \$2,229,273 from the Downtown Oakland District; and \$1,721,853 from the Lake Merritt-Uptown District.

Funds generated will be used to pay for special benefit services outlined in each district's approved Management Plan (on file with the Office of the City Clerk) and annual reports (contained in **Exhibit A** to the proposed City resolution). Services include, but are not limited to, private security, sidewalk cleaning, public right of way beautification, as well as marketing and promotions, including sponsorship of seasonal special events.

The FY 2020-21 annual reports indicate no changes to the boundaries of any of the districts or to the original method and basis of levying the assessments; however, the Lakeshore District advisory board is requesting an allowable five percent increase to the assessments for FY 2021-22. The advisory boards for the Jack London District, Laurel District, Temescal District, Downtown Oakland District, and Lake Merritt-Uptown District have not requested assessment increases for FY 2021-22.

Adoption of the proposed resolutions will enable the above special assessment districts to continue providing special benefit services such as enhanced cleaning, district beautification, private security, and marketing and promotional activities. These services are intended to improve the conditions and image of the affected business corridors and to stimulate ongoing economic revitalization within the surrounding commercial neighborhood.

City Council may approve the BID annual reports (**Exhibit A** to the accompanying City resolution) as filed by district Advisory Boards or may modify any particulars in the reports and approve them as modified.

There is no anticipated adverse impact related to adoption of the attached resolutions; however, there would be a negative impact to the districts if the proposed resolutions are not adopted and the assessments are not levied. Without a 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 2021-2022. However, if City Council adopts the attached City resolution, the FY 2021-2022 assessment levy will be approved and special benefit services in each district will continue uninterrupted in FY 2021-2022, as they have for the past 20 years.

FISCAL IMPACT

Since BIDs are self-initiated, self-funded, and self-administered entities, there are no anticipated fiscal impacts to the City associated with continuance of the above-referenced BIDs other than payment of fair share assessments on City and ORSA property located within the districts (\$272,477.04 and \$2,734.48, respectively). Details of those payments appear below.

Pursuant to State Proposition 218, the City and ORSA must pay their fair share of assessments on City- and ORSA-owned property within the above-referenced special assessment districts. This is because public as well as private properties are considered to derive special benefits from the activities of the districts.

Given the approximate \$6,499,920 of private funds that will be leveraged, the above-mentioned City and ORSA payments of \$272,477.04 on City properties and approximately \$2,734.48 on ORSA properties may be considered a reasonable and productive expenditure of public funds.

Affected City and ORSA properties are listed in **Table 1** below.

Table 1: List of City and ORSA properties subject to FY 2021-22 BID Assessment Levies

District	APN	Legal Owner	Site Description	Annual Assessment	Fund Source No. *
Downtown Oakland	2-97-45	City	1327 Broadway	\$ 4,251.29	2
Downtown Oakland	3-65-9-2	City	250 Frank H. Ogawa Plz	\$ 26,748.38	1
Downtown Oakland	3-67-2	City	City Hall Plz	\$ 11,311.29	1
Downtown Oakland	3-67-3	City	1 Frank H Ogawa Plz	\$ 18,815.85	1
Downtown Oakland	3-67-4	City	1414 Clay (Garage)	\$ 11,307.86	1
Downtown Oakland	8-619-8-1	City	150 Frank H Ogawa Plz	\$ 26,067.88	1
Downtown Oakland	8-620-9-3	City	524 16 th St	\$ 2,059.21	2
Downtown Oakland	8-641-8-5	City	540 17 th St (Oakland Ice Center)	\$ 26,742.03	3

District	APN	Legal Owner	Site Description	Annual Assessment	Fund Source No.*
Downtown Oakland	1-199-1	City	620 Washington (Police Admin Bldg)	\$ 31,733.21	1
Downtown Oakland	2-98-1	City	Clay St (Scotlan Convention Ctr)	\$ 31,619.19	1
Downtown Oakland	2-97-40	City	11 th St (T 5/6 Development Site)	\$ 3,184.60	1
Koreatown	8-648-16-3	City	2100 Telegraph	\$ 4,104.95	1
Koreatown	9-684-5-1		404 26 th Street	\$ 714.43	1
Koreatown	8—659-25	City	641 W. Grand Ave	\$ 466.84	1
Lake Merritt	8-623-6-1	City	1731 Franklin (Franklin St Garage)	\$ 18,977.63	1
Lake Merritt	8-635-1	City	274 19 th St (Snow Park)	\$ 21,412.39	1
Lake Merritt	8-649-5	City	2025 Broadway (Paramount Theater)	\$ 8,597.48	1
Lake Merritt	8-655-6	City	Grand Ave (foot of Valdez)	\$ 1,899.33	1
Lake Merritt	10-768-4	City	200 Grand Ave (Veterans Memorial Bldg)	\$ 10,628.14	1
Lake Merritt	8-673-1	City	2500 Broadway (Plaza)	\$ 1,272.14	1
Lake Merritt	8-716-58	City	1911 Telegraph (Vacant)	\$ 8,398.07	2
Temescal	14-1219-3	City	5205 Telegraph Ave (Temescal Library)	\$ 2,004.61	1
Jack London	18-425-4-1	City	Embarcadero	\$ 160.24	1
			CITY TOTAL	\$272,477.04	
Downtown Oakland	2-101-1	ORSA	989 Franklin	\$ 2,734.48	4
			ORSA TOTAL	\$ 2,734.48	
			GRAND TOTAL	\$275,211.52	

*See below table for corresponding Fund Source Numbers.

Funds to pay FY 2021-22 assessments on City and ORSA properties include a combination of the following funding sources in the approximate amounts shown in **Table 2** below.

Table 2: List of Funding Sources for Payment of FY 2021-22 BID Assessments on City and ORSA Properties:

Fund Source No.	Coding Block	Amount
1	General Purpose Fund (1010)/Economic Development Organization (85411)/Taxes and Assessments Account (53511)/Business Improvement District Project (1000147)/Citywide Activities Program (IP50)	\$ 231,026.44
2	Central District Projects Fund (5610)/Central District Redevelopment Organization (85245)/Taxes and Assessments Account (53511)/Downtown Capital Project (1000169)/Downtown Program (SC13).	\$ 14,708.57
3	Central District Projects Fund (5610)/Central District Redevelopment Organization (85245)/Taxes and Assessments Account (53511)/Oakland Ice Center Project (1003244)/Downtown Program (SC13);	\$ 26,742.03
4	SRA Unrestricted Land Sales Proceeds Fund (9711)/Central District Redevelopment Organization (85245)/Rental: Miscellaneous Account (53219)/88 Franklin Garage - ROPS 84 Project (1001359)/Oakland Redevelopment Successor Agency Program (ORSA)	\$ 2,734.48

Other than the above assessments, there is no further direct fiscal impact or cost anticipated with adoption of the proposed resolutions; however, going forward, the City and ORSA should be aware that each of the concerned districts may recommend annual assessment rate increases – up to 5 percent per year – for the remainder of their respective terms per their District Management Plans, on file in the Office of the City Clerk. If City Council chooses to approve such future recommendations for assessment rate increases, it would also increase assessment obligations on City- and ORSA-owned properties. Staff will coordinate closely with the City's Finance Department to accommodate such potential increases.

Operations in the related business improvement districts are self-funded by the special assessments generated by the districts themselves.

Regarding collection of the assessments, the Treasury Division of the City's Finance Department will directly bill tax exempt entities not on the County Assessor's property tax roll. For taxable entities, 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 to the City, less the County's collection fee of approximately 1.7 percent of total assessments billed. The City, in turn, will disburse the funds to the district, less a City cost recovery administrative fee, to be deposited into the General Purpose Fund (1010) primarily to offset the cost of staffing support from the City's Finance Department and the Economic and Workforce Development

Department. This administrative fee is pursuant to written agreements between the City and each applicable district's designated non-profit management corporation.

Until disbursed, the BID assessments will be held in special trust funds (one for each district) established by the City's Finance Department. The trust fund number is: Miscellaneous Trusts Fund (7999)/Treasury Operations Unit Organization (08721)/Pass Thru Assessments Account (24224)/DP080 Administrative Project (1000007), as well as Economic Development Organization (85411)/DP850 Administrative Project (1000019).

PUBLIC OUTREACH / INTEREST

For the City Council to adopt the proposed 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 advisory board consensus sufficient to generate the proposed annual reports and proposed FY 2021-22 district budgets (contained in **Exhibit A** to the proposed City resolution).

COORDINATION

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

SUSTAINABLE OPPORTUNITIES

Economic: BID assessments 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 ongoing economic development of affected commercial districts.

Environmental: Receipt of ongoing special assessment revenue streams will enable applicable districts to continue efforts to strengthen and beautify the physical image of the affected commercial neighborhoods by providing special benefit services such as litter pickup, sidewalk steam cleaning, landscaping, public art, directional signage, and public safety capital improvements.

Race and 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 will administer revenues generated by the district which supports community self-empowerment.

ACTION REQUESTED OF THE CITY COUNCIL

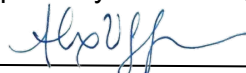
Staff Recommends that the City Council and the Oakland Redevelopment Successor Agency (ORSA) Governing Body adopt the following legislation:

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For questions regarding this report, please contact Eric Simundza, Urban Economic Analyst III, at 510-238-6249.

Respectfully submitted,



ALEXA JEFFRESS

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