



AGENDA REPORT

TO: Jestin D. Johnson
City Administrator

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

SUBJECT: Montclair BID Annual Report and
Intention to Levy Fiscal Year 2024-
2025 Assessment

DATE: October 10, 2023

City Administrator Approval

Date: Oct 26, 2023

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution: 1) Approving The Annual Report Of The Montclair Business Improvement District Advisory Board; 2) Declaring The Intention To Levy And Collect An Annual Assessment For Fiscal Year 2024-2025 For The Montclair Business Improvement District, Including A Five (5) Percent Increase In The Annual Assessments; And 3) Scheduling A Public Hearing For December 5, 2023.

EXECUTIVE SUMMARY

State enabling legislation requires that a merchant-based business improvement district (BID) must receive City Council approval before levying each fiscal year's assessment. Adoption of the recommended Resolution of Intention to levy an assessment and scheduling of a related Public Hearing will enable the Montclair BID to collect its fiscal year (FY) 2024-2025 assessment. The attached resolution also approves the Montclair BID's annual report to the City of Oakland (City).

If the proposed assessment is approved, the Montclair BID will generate an estimated \$92,500 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 Resolution of Intention). The FY 2023-24 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, district beautification, including installation and maintenance of decorative banners and benches, and marketing and promotion activities, including special seasonal events.

City Council
November 7, 2023

BACKGROUND / LEGISLATIVE HISTORY

1. BID formation and purpose:

Section 36500 *et seq* of California Streets and Highway Code provide for the formation of business and property-based assessment districts. Pursuant to this legislation, on November 9, 1999, the Oakland City Council approved Resolution No. 75323 C.M.S., which initiated the City's 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 budget is included as Exhibit A to the attached Resolution of Intention. It does not propose any changes to the boundaries of the district nor 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 \$92,500 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) also requires that merchant-based BIDs receive City Council approval before levying each fiscal year's assessment. Therefore, to enable the Montclair BID to collect its FY 2024-2025 assessment, City Council would need to adopt the attached Resolution of Intention to levy and schedule a related Public Hearing. The Public Hearing must take place no less than 10 days after the adoption of the attached Resolution of Intention. Following the public input portion of the hearing, City Council would then take final action on the 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 non-assessment revenues, as indicated in Exhibit A to the attached 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 budget attached as Exhibit A to the Resolution of Intention.

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 of Intention), which includes an updated assessment table, submitted 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 of Intention; however, there would be a negative impact to the Montclair BID if the attached Resolution of Intention is not adopted, since adoption of the attached Resolution of Intention is a condition precedent to final approval of the Montclair BID FY 2024-2025 assessment levy. 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 2024-2025. However, if City Council approves the attached Resolution of Intention, then a related public hearing will be scheduled for December 5, 2023, after which City Council may decide whether to give final approval to the Montclair BID FY 2024-2025 assessment levy. If the levy is approved, then special benefit services in the district will continue uninterrupted in FY 2024-2025.

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 fiscal year 2024-2025, if the levy were not approved by City Council.

Therefore, because the Montclair BID is self-funded and self-administered and because assessment revenues generated by the district pay for special benefit services which constructively support the image, safety and economic development of the related neighborhood commercial district at no additional cost to the City, staff recommends that City Council adopt the attached Resolution of Intention to levy the Montclair BID FY 2024-2025 assessment. 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 Non-profit best practices.

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. 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 district's required annual report and proposed FY 2024-2025 budget, attached as Exhibit A to the Resolution of Intention.

COORDINATION

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

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, 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. While the Montclair BID is not in an economically disadvantaged neighborhood under the Oakland Department of Transportation Equity Toolkit, 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, 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) Approving The Annual Report Of The Montclair Business Improvement District Advisory Board; 2) Declaring The Intention To Levy And Collect An Annual Assessment For Fiscal Year 2024-2025 For The Montclair Business Improvement District, Including A Five (5) Percent Increase In The Annual Assessments; And 3) Scheduling A Public Hearing For December 5, 2023.

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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