



AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: Alexa Jeffress
Director, Economic &
Workforce Development
Department

SUBJECT: Fruitvale Business Improvement
District 2021

DATE: May 15, 2021

City Administrator Approval

Date: May 26, 2021

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution Of Intention (1) To Form The Fruitvale Community Benefit Business Improvement District (Fruitvale BID 2021); (2) Granting Preliminary Approval Of The Fruitvale BID 2021 Management Plan ; (3) Directing Filing Of The Proposed Fruitvale BID 2021 Assessment District Boundary Description; (4) Directing Distribution of A Ballot To All Affected Property Owners Whereby They Can Vote “In Favor Of” or “Against” the Proposed Fruitvale BID 2021 And Assessment To Determine Whether A Majority Protest Exists; And (5) Scheduling A Public Hearing For July 20, 2021.

EXECUTIVE SUMMARY

Adoption of the attached Resolution of Intention will initiate a special election and legislative process to determine whether the proposed Fruitvale Business Improvement District 2021 (Fruitvale BID 2021) can be formed. Property-based Business Improvement Districts (BIDs) provide opportunities for property owners to support the vitality of their commercial neighborhoods through enhanced services and beautification. The Fruitvale BID was initially formed in 2001, pursuant to Resolution No. 76205 C.M.S., and has become a nationally recognized model for commercial district revitalization. The Fruitvale BID was last renewed in 2011 pursuant to Resolution No. 83360 C.M.S. for a period of 10 years and ends in July 2021. This proposed resolution will allow the district to be formed to extend its work for another 10 years.

The proposed Fruitvale BID 2021 renewal would generate annual special assessment revenues of approximately \$713,769 per year for 10 years, or up to approximately \$8 million over the life of the district. Effective dates of the assessment will be July 1, 2021, through June 30, 2031, and related special benefit services will be provided January 1, 2022, through December 31, 2031. The use of these funds would be consistent with the district Management Plan (**Attachment A**) drafted by district representatives and could include but is not limited to maintenance, promotion, special benefit cleaning, marketing, hospitality, administration and other economic development services within the district.

City Council
June 1, 2021

BACKGROUND / LEGISLATIVE HISTORY

In 1999, the City Council approved the City of Oakland Business Improvement Management District Ordinance (Ordinance No. 12190 C.M.S., codified as Chapter 4.48 of the Oakland Municipal Code) which allows for the formation of property-based special assessment districts called business improvement districts (BIDs). BIDs are geographically defined and are managed through a private/public partnership which administers and oversees enhancement services, activities and programs above the existing municipal services. The management of the BID services are paid for through the special assessment charged to all property members within the district.

The Oakland City Council also authorized initiation of the Neighborhood Business Improvement District Program in 1999 (Resolution No. 75323 C.M.S.) to assist neighborhood representatives in their efforts to form such districts.

On January 9, 2001, the Oakland City Council adopted Resolution No. 76205 C.M.S. to form the Fruitvale BID for a period of 10 years beginning July 2001. The Fruitvale BID was renewed on May 17, 2011, pursuant to Resolution No. 83360 C.M.S., for another 10 years beginning July 2011 and ending July 2021. The Fruitvale BID has been providing services above the City's baseline level of service to improve the neighborhood experience within the boundary of the district by making the area cleaner and more inviting and enhancing the economic vitality of the Fruitvale commercial corridor. The Fruitvale BID has been recognized as a model of neighborhood revitalization and has been coupled with other neighborhood support programs offered through the Unity Council.

Given the expiration of the 10-year term of the Fruitvale BID in July 2021, an extension is needed for the assessments and services to continue. The property owners supporting the Fruitvale BID 2021 formation have submitted 30 percent of the total projected district assessments to qualify for the City Council to consider adoption of a Resolution of Intention to form the Fruitvale BID 2021.

Geographic Boundaries, Assessments and Benefits

The Fruitvale BID 2021 renewal is proposing an expansion to include additional blocks and parcels. The Fruitvale BID renewed in 2011 contained 299 identified individual parcels and the proposed Fruitvale BID 2021 would include 326 parcels.

The proposed BID is located within the city of Oakland's Fruitvale neighborhood, and includes:

- Property fronting Fruitvale Avenue from San Leandro Street north to Foothill Boulevard.
- Property fronting International Boulevard from 27th Avenue east to 42nd Avenue.
- Property fronting Foothill Boulevard from Rutherford Street east to High Street.
- Property fronting East 12th Street from 33rd Avenue east to 35th Street.

A map of the proposed Fruitvale BID 2021 boundaries appears in Appendices 11.1 of the attached Fruitvale BID 2021 Plan (**Attachment A**), and in Appendix 8.1 of the attached Fruitvale BID 2021 Engineer's Report (**Attachment B**).

Activities contemplated by the Fruitvale BID 2021 include but are not limited to, special benefit cleaning, hospitality ambassadors, enhanced public safety efforts and various marketing and promotional activities.

Approval Process

To adopt the attached Resolution of Intention, the City Council would need to first receive a petition in favor of forming the Fruitvale BID 2021, endorsed by property owners constituting more than 30 percent of the weighted value of the property assessments that would be imposed if the Fruitvale BID 2021 is established. If the petition is duly endorsed, the City Council may adopt the attached proposed Resolution of Intention and conduct a public hearing not less than 45 days after notice of the public hearing is published.

The City Council shall approve formation of the Fruitvale BID 2021 and the assessment if, at the close of the public hearing, a majority protest is not established. A majority protest exists if, upon the conclusion of the public hearing, ballots submitted in opposition to the establishment of the Fruitvale BID 2021 and corresponding property assessment exceed the ballots submitted in favor of the Fruitvale BID 2021 and corresponding property assessment. In tabulating the ballots, the ballots shall be weighted according to the proportional financial obligation upon the affected property. The results of the balloting will be heard at a public hearing to be scheduled for July 20, 2021, at which time the City Council will also hear public testimony and make a final decision regarding Fruitvale BID 2021 formation.

Upon passage of the Resolution of Intention, ballots (**Attachment C**) will be mailed to each affected property owner pursuant to the City of Oakland's Business Improvement Management District Ordinance, Oakland Municipal Code (OMC) Chapter 4.48 (Ordinance No. 12190 C.M.S., 1999, as amended by Ordinance No. 13322 C.M.S., 2015) and State Proposition 218.

ANALYSIS AND POLICY ALTERNATIVES

The Fruitvale BID was one of the first property-based Business Improvement Districts (BIDs) formed in the City of Oakland in 2001 and has played a key role in the revitalization of the Fruitvale neighborhood over the past 20 years.

The Fruitvale BID is one of eight existing property-based BIDs in Oakland, concurrently, the proposed Chinatown BID 2021, would be the city's ninth property-based BID. Collectively, these districts have contributed to Oakland's economic development and continue to contribute approximately \$6.6 million per year in property tax assessments that are utilized for enhanced services and activities supporting marketing, placemaking, security, cleaning services, and economic development activities focused on business attraction and retention. As more mixed-use development occurs in Oakland commercial zones, residential property owners have also begun to benefit from special benefit services provided by BID special assessment districts. As such the cumulative impact of BIDs continues to grow, making them an increasingly useful tool for supporting broader revitalization efforts in Oakland's commercial neighborhoods.

Because BIDs are self-initiated, self-funded, and self-administered, there is limited fiscal impact to the City associated with the proposed district formation beyond any assessment on City-

owned property and the cost of staff time to provide technical assistance to the formation effort and ongoing administration of the citywide BID program. The cost of City staff time will already be accounted for in the City's proposed Fiscal Year (FY) 2021-23 budget.

The initiative taken by district stakeholders to form the proposed special assessment district also represents a productive step towards community self-empowerment as well as a viable opportunity to cultivate additional public-private investment partnerships and enhanced economic development activity in the City's core commercial neighborhoods.

If approved by affected property owners under the procedure set forth primarily in OMC Section 4.48.070, the proposed Fruitvale BID 2021 will generate approximately \$713,769.61 in year one, fiscal year (FY) 2021-22 and up to approximately \$8 million over the 10-year term of the district (if allowable three percent annual increases to the assessments are taken starting year two, FY 2022-23).

Since the proposed Fruitvale BID 2021 area includes eight (8) City-owned parcels, there would be a proposed \$14,839.95 assessment charged to the City in FY 2021-22. Projecting a three percent annual increase over the 10-year BID period would generate an estimated combined fiscal impact of \$170,123.39 for City properties in the Fruitvale BID 2021 boundaries. See **Table 1** below for complete list of these properties in the Fruitvale BID assessment area.

Given the limitations on municipal funding and a growing need to identify alternate economic development revenue sources, the proposed special assessment district and corresponding City assessment could be considered a reasonable leveraging of public funds. Special benefit services to be provided by the proposed district are intended to improve the conditions of the affected commercial corridor and to stimulate ongoing economic revitalization consistent with City Council goals and objectives.

FISCAL IMPACT

There is no fiscal impact with the approval of this legislation for the intention to form the Fruitvale BID 2021.

The cost of City staff time to provide technical assistance to the BID formation effort and ongoing administration of the citywide BID Program is accounted for in the City's current Budget and will also be included in future budget development processes as this program continues to expand.

If after the public hearing a majority protest does not exist and the proposed Fruitvale BID 2021 is formed, a cumulative and approximate annual assessment of \$14,839.95, or a maximum of \$170,123.39 over the 10-year life of the district (forecasting percent annual increases starting FY 2022-23), would be levied on eight (8) City-owned properties for FY 2021- 2022 located within the proposed district. See **Table 1** below for the list of impacted properties:

Table 1: List of City properties subject to FY 2021-22 Fruitvale BID 2021 Assessment

Fund Source No.	APN	Site Description	FY 2021-22 Assessment	Owner
	025-0719-007-01	3050 INTERNATIONAL BOULEVARD	\$3,458.24	CITY
	025-0722-026-00	JOSIE DE LA CRUZ PARK, 1637 FRUITVALE AVENUE	\$3,252.75	CITY
	032-2084-050-00	3614 FOOTHILL BOULEVARD	\$ 389.13	CITY
	032-2084-051-00	3600 FOOTHILL BOULEVARD	\$1,663.61	CITY
	032-2115-037-01	3566 FOOTHILL BOULEVARD	\$1,484.38	CITY
	032-2115-038-01	3550 FOOTHILL BOULEVARD	\$1,712.07	CITY
	033-2130-035-02	FRUITVALE PLAZA PARK AT 3510 INTERNATIONAL BOULEVARD	\$904.36	CITY
	033-2135-026-02	CESAR CHAVEZ PARK, FOOTHILL BOULEVARD & BRIDGE AVENUE	\$1,975.40	CITY
		City Total	\$ 14,839.95	

Under the current Fruitvale BID formed in 2011 and over the 10-year life of the district, the City is paying a maximum of \$204,099 for related assessments on City-owned properties; therefore, the City's fair share assessment would decrease by approximately \$33,976.57 in the new proposed Fruitvale BID 2021 boundary. This decrease is due to the fact that two City parcel assessments decreased from 2011 to 2021 in the amount of \$8,315.44.

Generally, most property assessment values in the Fruitvale BID 2021 have increased, but the decrease in City assessments levied is a result of reduced City-owned property assessment values, at Josie de la Cruz Park (APN 025-0722-026-00) located at 1637 Fruitvale Avenue and Cesar Chavez Park (APN 033-2135-026-02) located at Foothill Boulevard & Bridge Avenue.

Funds to pay FY 2021-22 assessments on City properties would need to be included in the proposed City's Budget and will also be included in future budget development processes. Payment of the Fruitvale BID assessments would be funded from the General Purpose Fund and Taxable bond funds. A resolution to approve payment of the City's assessments will be included in the upcoming July 20, 2021 public hearing agenda materials.

Per the proposed Fruitvale BID 2021 Management Plan (**Attachment A**), assessment rates may increase by up to three percent per year beginning in year two (FY 2022-2023) of the district's 10-year term and contingent upon a recommendation by the Fruitvale BID 2021 Advisory Board and City Council approval. If the City acquire additional affected properties during the BID's proposed 10-year term, then funding sources for related assessments owed will be identified as part of the City's ongoing budget development processes.

If the Fruitvale BID 2021 and corresponding special property assessment are approved, the City Treasury Bureau would provide invoices to tax exempt entities that are not on the County of Alameda's property tax roll which includes properties owned by Bay Area Rapid Transit (BART), County of Alameda, and Oakland Unified School District (OUSD). For taxable entities, the County of Alameda would 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 of

approximately 1.7 percent of total assessment) to the City. The City, in turn, will disburse the funds to the district, pursuant to a written agreement between the City and the district's designated non-profit management corporation.

The written agreement to be signed between the City and the designated non-profit BID management corporation also provides for an administrative fee to be charged to the Fruitvale BID 2021 to recover the City's costs of administering the district, including costs incurred by the Treasury Bureau for providing the services described above.

Lastly, if the Fruitvale BID 2021 is formed, program guidelines state that the City is expected to maintain a baseline level of service within the district equivalent to the level prior to formation of the assessment district. Maintaining baseline services, however, commits no additional City funds beyond what already exists. Proportional reductions to baseline services may occur resulting from changes in the City's overall financial condition.

PUBLIC OUTREACH / INTEREST

For the City Council to adopt the attached Resolution of Intention, enabling legislation does not require City staff to conduct public outreach other than the required City Council noticing requirements. District stakeholders, led by the Unity Council, performed outreach necessary to secure the requisite number of property owner petitions to qualify for adoption of the attached Resolution of Intention. In Fall of 2020, The Unity Council, a Fruitvale neighborhood-based organization, led a BID steering committee comprised of community residents and property stakeholders on the creation of the Management Plan (**Attachment A**) and the Engineer's Report (**Attachment B**) for the BID.

COORDINATION

The Budget Bureau, the Office of the City Attorney and the City Clerk's Office were consulted in the preparation of this report and attachments.

SUSTAINABLE OPPORTUNITIES

Economic: The proposed assessment 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 on-going economic development in the historic Fruitvale commercial district. Fruitvale will continue to be a core cultural district for the City of Oakland and enhancements are vital for economic sustainability and preservation of cultural assets.

Environmental: The proposed levy will enable the district to provide a safe walkable district of the affected commercial neighborhood by providing special benefit services such as enhanced sidewalk cleaning, graffiti removal, and trash removal along the affected commercial corridor.

Race & Equity: The proposed special assessment district will incorporate members of the affected commercial neighborhood into a productive and proactive entity representing the interests of that community. Stakeholders themselves will be responsible for administering

district revenues which contributes to community self-empowerment which may, in turn, advance to various race and equity goals. In addition, BID funding supports neighborhood revitalization through safety and cleaning programs and community identity through marketing and special event programs.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt A Resolution Of Intention (1) To Form The Fruitvale Community Benefit Business Improvement District (“Fruitvale BID 2021”); (2) Granting Preliminary Approval Of The Fruitvale BID 2021 Management Plan; (3) Directing Filing Of The Proposed Fruitvale BID 2021 Assessment District Boundary Description; (4) Directing Distribution of A Ballot To All Affected Property Owners Whereby They Can Vote “In Favor Of” or “Against” the Proposed Fruitvale BID 2021 And Assessment To Determine Whether A Majority Protest Exists; And (5) Scheduling A Public Hearing For July 20, 2021.

For questions regarding this report, please contact Jonathan Spencer, Urban Economic Analyst II, at 510-238-3322.

Respectfully submitted,



for

ALEXA JEFFRESS

Director, Economic & Workforce Development
Department

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Development Department

Prepared by:

Jonathan Spencer, Urban Economic Analyst II

Attachments (3):

- A. Fruitvale BID 2021 Management Plan
- B. Fruitvale BID 2021 Engineer’s Report
- C. Fruitvale BID 2021 Sample Ballot