



AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: Alexa Jeffress
Director, Economic &
Workforce Development
Department

SUBJECT: Montclair BID Annual Report and
FY 2023-2024 Levy Approval

DATE: November 18, 2022

City Administrator Approval *Elizabeth Lake*

Date: Nov 21, 2022

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 2023-2024.

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) 2023-2024 BID assessment. The attached Resolution also confirms the Montclair BID's annual report to the City of Oakland (City).

On November 1, 2022, the City Council declared the intention to levy for the fiscal year the FY 2023-2024 Montclair BID assessment. If the proposed assessment is approved, the Montclair BID will generate an estimated \$88,000 of special assessment revenues in FY 2023-2024. 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 attached 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). 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.

BACKGROUND / LEGISLATIVE HISTORY

1. BID formation and purpose:

Sections 36500 *et seq* of California Streets and Highways Code provide for the formation of

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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 City of Oakland 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 7, 2021 pursuant to [Resolution No. 88937 CMS.](#)

Other BIDs (also known as Community Benefit Districts, or, CBDs) successfully formed within the City of Oakland include Rockridge (established 2000), Lakeshore/Lake Park (established 2002, renewed in 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 2018), Downtown Oakland (established 2008, renewed 2018), Jack London (established 2013, 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 2022-2023 annual report and proposed FY 2023-2024 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 2022-2023.

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 the BID. To enable the Montclair BID to collect its FY 2023-2024 assessment, on November 1, 2022, the City Council adopted a Resolution of Intention (ROI) to levy the FY 2023-2024 Montclair BID assessment, approve the Montclair BID's annual report, and schedule a related public hearing for December 6, 2022. Adoption of the ROI was a prerequisite to the City Council's consideration of the attached Resolution to approve the FY 2023-2024 assessment levy.

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

4. BID FY 2023-2024 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 \$92,268, of which \$88,000 represents projected assessments in FY 2023-2024, and \$4,268 of which represents private donations, as indicated in Exhibit A to the Resolution.

The billing period for the proposed assessment will be January 1, 2023 through December 31, 2023; however, services to be paid for by the above billing and collections will be provided on a March 1, 2023 through February 28, 2024 fiscal year basis, per the annual report and proposed FY 2023-2024 budget, attached as Exhibit A to the Resolution.

If the City Council approves the proposed FY 2023-2024 assessment, the Montclair BID will generate an estimated \$88,000 of special assessment revenues, which is equal to the amount projected in FY 2022-2023. The assessment is based on two variables which include business gross receipts and business type. If approved, the assessments for FY 2023-2024 will be collected and expended in accordance with the Plan on file with the Office of the City Clerk and the annual report and budget attached as Exhibit A to the Resolution. 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 BID if the attached Resolution is not adopted. Without the levy and 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 2023-2024. However, if the City Council adopts the attached Resolution, the FY 2023-2024 assessment levy will be approved and special benefit services in the district will continue uninterrupted in FY 2023-2024, as they have for the past 20 years.

Staff is currently unaware of any policy alternatives or alternate funding sources that could replace the estimated \$88,000 of Montclair BID assessment revenues during fiscal year 2023-2024, 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 to levy the Montclair BID FY 2023-2024 assessment.

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 pays its own operating and administrative costs, including costs for assessment collections and disbursements. If the levy is approved, the City of Oakland will conduct a special billing to collect the assessment. The City 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 2023-2024 budget, attached as Exhibit A to the Resolution. The City Council also held a meeting on November 1, 2022 after public notice and comment and adopted the ROI 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, landscaping, holiday decorations, seasonal private security and public art.

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.

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 2023-2024.

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

Respectfully submitted,



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