



AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: Alexa Jeffress
Director, Economic &
Workforce Development
Department

SUBJECT: Fruitvale Business Improvement
District 2021

DATE: July 20, 2021

City Administrator Approval

Date: Jul 8, 2021

RECOMMENDATION

Staff Recommends That The City Council Conduct A Public Hearing And Upon Conclusion Adopt A Resolution Making A Determination Regarding Any Protests Received For The Fruitvale Community Benefit Business Improvement District 2021 ("Fruitvale BID 2021"), Approving The Fruitvale BID 2021 Management Plan, Approving The Assessments For Fruitvale BID 2021, Directing Recording Of The Proposed Assessment District Boundary Description, Establishing The Fruitvale Community Benefit Business Improvement District 2021, And Appointing The Advisory Board For The Fruitvale BID 2021.

EXECUTIVE SUMMARY

Adoption of the proposed resolution will enable formation of the Fruitvale Community Benefit Business Improvement District 2021 ("Fruitvale BID 2021"). The existing Fruitvale BID 2011 generates approximately \$472,275 per year, while 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 BID. 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.

Services to be provided are outlined in the recommended Fruitvale BID 2021 Management Plan & Engineer's Report ("Management Plan") (**Attachment A**). The use of these funds would be consistent with the Management Plan drafted by district representatives and could include, but is not limited to maintenance, promotional materials, special benefit cleaning, marketing, hospitality, administration and other economic development services within the BID.

The City Council may approve formation of the Fruitvale BID 2021 and the assessment if, at the close of the July 20, 2021 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. In tabulating the ballots, the votes must be weighted according to the proportional financial obligation upon the affected property. If, however, a majority protest does

City Council
June 1, 2021

not exist, then the City Council may consider adopting the proposed resolution to establish the proposed BID.

BACKGROUND / LEGISLATIVE HISTORY

In 1999, the City Council adopted 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, or Business Improvement Districts (BIDs), to undertake a range of special benefit services within the assessment area, independent from government, to support the economic viability of affected commercial neighborhoods. The City Council also authorized initiation of the Neighborhood Business Improvement District (NBID) Program in 1999 (Resolution No. 75323 C.M.S.) to assist neighborhood representatives in their attempts to form such districts.

Pursuant to the above, on May 17, 2011, the Oakland City Council adopted Resolution No. 83360 C.M.S. to form the Fruitvale Business Improvement District ("Fruitvale BID 2011") for a period of 10 years beginning July 2011 and ending June 2021.

In 2020, the Unity Council, a local Fruitvale-based non-profit organization administrating the Fruitvale BID, hired a private BID consultant firm, NBS Inc., to assist with the formation of a proposed Fruitvale Community Benefit Business Improvement District 2021 to replace the expiring Fruitvale BID 2011.

Pursuant to those efforts, on June 1, 2021, the City Council adopted Resolution No. 88667 C.M.S., a Resolution of Intention To 1) Form the Fruitvale Community Benefit Business Improvement District (Fruitvale BID 2021); 2) Grant preliminary approval of the Fruitvale BID 2021 Management Plan; 3) Direct filing of the proposed Fruitvale BID 2021 Assessment District boundary description; 4) Direct 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) Schedule a Public Hearing for July 20, 2021, and provide affected property owners with notice thereof (**Attachment B**).

Section 4.48.190 of the Oakland Municipal Code requires the City Council to appoint an Advisory Board which shall make a recommendation to the City Council on the expenditure of revenues derived from the levy of assessments, on the classification of properties applicable, and on the method and basis of levying the assessments. The Oakland Municipal Code allows the City Council to designate existing advisory boards or to create a new advisory board for that purpose. The proposed Advisory Board for the proposed Fruitvale BID 2021 will be the existing Board of Directors of the Unity Council, an Oakland based non-profit organization. This Board also administers the existing Fruitvale Business Improvement District 2011 and the recommended new Fruitvale BID 2021 was prepared at its direction.

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 Fruitvale BID 2021 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 on pages 31 in proposed Fruitvale BID 2021 Plan and page 65 of the BID Engineer's Report (**Attachment A**).

ANALYSIS AND POLICY ALTERNATIVES

Collectively, BIDs contribute significantly to Oakland's economic development progress, generating millions of dollars each year. 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.

If approved by affected property owners under the procedure set forth primarily in Oakland Municipal Code section 4.48.070, the proposed Fruitvale BID 2021 will generate approximately \$713,769.61 in year one of the district and up to approximately \$8 million over the 10-year term of the district.

Of this total, the City will owe approximately \$14,839.95 in fiscal year (FY) 2021-22 and an estimated maximum \$170,123.39 over the 10-year life of the BID for assessments on eight City-owned properties located within the Fruitvale BID 2021 boundaries: 3050 International Boulevard APN 025-0719-007-01; 1637 Fruitvale Avenue APN 025-0722-026-00; 3614 Foothill Boulevard APN 032-2084-050-00; 3600 Foothill Boulevard, APN 032-2084-051-00; 3566 Foothill Boulevard APN 032-2115-037-01; 3550 Foothill Boulevard APN 032-2115-038-01; 3510 International Boulevard APN 033-2130-035-02; Foothill Boulevard & Bridge Avenue APN 033-2130-035-02.

The City is currently paying \$204,099 for related assessments on eight City-owned properties located in the Fruitvale BID 2011, therefore, the City's fair share assessment would decrease by an approximate \$33,976.57 in the proposed Fruitvale BID 2021.

Given current tightening of municipal funding sources and a growing need to identify alternate economic development revenue sources, the proposed special assessment district and corresponding nominal 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 and image of the affected commercial corridor(s) and to stimulate ongoing economic revitalization within the surrounding commercial neighborhood consistent with City Council goals and objectives.

Because BIDs are self-initiated, self-funded, and self-administered entities, there is limited fiscal impact to the City associated with the proposed district formation beyond the above-referenced assessment on City-owned property, and the cost of City staff to provide technical assistance to the formation effort and ongoing administration of the citywide BID program. 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.

FISCAL IMPACT

If the proposed Fruitvale BID 2021 is formed, a cumulative and approximate annual assessment of \$14,839.95 would be levied on 8 City-owned properties, as shown in **Table 1**.

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	

Per the proposed Management Plan, assessment rates may increase by up to three percent per year beginning in year two of the BID's 10-year term, contingent upon a recommendation by the Advisory Board and City Council approval.

If the City acquires 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.

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 FY 2021-23 Budget and will also be included in future budget development processes. If the Fruitvale BID 2021 and corresponding special property assessment are approved, the Treasury Division of the City's Finance Department will provide invoices to tax exempt entities that are not on the County of Alameda'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 assessment. The City, in turn, will disburse the funds to the BID, pursuant to a written agreement between the City and the BID'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 a one percent administrative fee to be charged to the Fruitvale BID 2021 to partially recover the City's costs of administering the BID, including costs incurred by the Treasury Division 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 BID 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 proposed resolution establishing the Fruitvale BID 2021, enabling legislation requires completion of a required public hearing, including related legal noticing, and a majority protest procedure as described above. District stakeholders also performed the outreach needed to secure property owner petitions sufficient to trigger the above-referenced majority protest procedure (i.e. supportive petitions signed by property owners representing more than 30 percent of total Fruitvale BID 2021 proposed assessments were submitted to the City in June 2021). City and district stakeholder outreach is also ongoing to answer any questions affected property owners may have regarding the district formation process and to encourage the highest level of participation possible for the related special election (i.e. the majority protest procedure).

COORDINATION

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

SUSTAINABLE OPPORTUNITIES

Economic: The proposed BID 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 continues 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 in 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 Fruitvale district commercial neighborhood into a productive and proactive entity representing the interests of that community. Stakeholders themselves will be responsible for administering

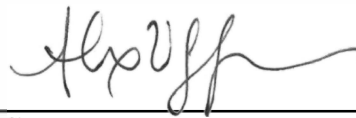
BID revenues which contributes to community self-empowerment which may, in turn, advance various racial equity goals. In addition, BID funding supports neighborhood revitalization through safety and cleaning programs and community identity through marketing and special event programs.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Conduct A Public Hearing And Upon Conclusion Adopt A Resolution Making A Determination Regarding Any Protests Received For The Fruitvale Community Benefit Business Improvement District 2021 ("Fruitvale BID 2021"), Approving The Fruitvale BID 2021 Management Plan, Approving The Assessments For Fruitvale BID 2021, Directing Recording Of The Proposed Assessment District Boundary Description, Establishing The Fruitvale Community Benefit Business Improvement District 2021, And Appointing The Advisory Board For The Fruitvale BID 2021.

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

Respectfully submitted,



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Attachments (2):

- A. Fruitvale BID 2021 Management Plan & Engineer's Report
- B. Fruitvale BID 2021 Resolution of Intention (No. 88667 CMS)