



Rashi Kesarwani
Councilmember, District 1

CONSENT CALENDAR

May 24, 2022

TO: Honorable Mayor and Members of the City Council

FROM: Councilmembers Rashi Kesarwani (Author) and Ben Bartlett (Co-Sponsor)

SUBJECT: Budget Referral: Capacity Building for Merchant Associations in the Gilman and Lorin Districts

RECOMMENDATION

Referral to the City Manager and the FY 2022-23 Budget Process to provide one-time capacity building totaling \$20,000 (\$10,000 each) for the Gilman and Lorin District merchant associations to support economic development in their respective commercial areas. Distribution of funds should be contingent upon the following criteria:

- Establishment of representative community advisory boards reflecting the diversity of businesses, agencies, nonprofits and resident stakeholders who could function as the leadership entity for fund management;
- Obtainment of merchant associations' non-profit status; or partnership with an existing entity to enable fiscal sponsorship until nonprofit status is obtained;
- Requirement to use the funds within two years or risk having to return them.

CURRENT SITUATION AND ITS EFFECTS

The Gilman and Lorin Districts are Commercial Areas Lacking Formalized Entities to Promote Economic Development. The Gilman and Lorin Districts are unique commercial areas in Berkeley each with their own distinct personalities. The Gllman District, situated in west Berkeley, has long been the heart of the City's manufacturing and industrial sectors, while more recently becoming home to wineries, breweries, artisanal food production facilities, nonprofits, and maker spaces. The Lorin District, located in south Berkeley, is home to the iconic South Berkeley Farmers Market and boasts a thriving arts scene as well as an antique cluster, a blossoming food scene, and several nonprofits. Despite their vibrancy, both districts are notable in that they also lack the benefit of a Business Improvement District (BID) to support the area in keeping it well maintained. BIDs are private

entities organized to promote the economic development of businesses within a defined geographical area. BIDs are funded by levying taxes on stakeholders within the district with the revenues being used to fund services local governments are unable to provide.

BIDS in Berkeley. In Berkeley, businesses and/or property owners assess themselves either through business license fees (Elmwood/Solano) or property assessment fees (North Shattuck/Downtown/Telegraph) to raise funds to help support the commercial area.¹ This means that business license owners and/or property owners pay an additional fee to support the efforts of the BID. These funds have been used for a range of services and improvements such as:

- Banners
- Outdoor lighting
- Street furniture
- Public art
- Landscaping
- Wayfinding signs

Berkeley's BIDs have also played a strong advocacy role for their respective areas and constituencies, such as advocating for BPD bicycle patrols and cleaning services in the various commercial areas of the city, and agreeing to administer Berkeley's Damage Mitigation Fund to help offset expenses incurred as a result of property damage since the start of the pandemic.² They also provide information and assistance to its members and are an important liaison between business communities and local government.

The Gilman and Lorin Districts Need Additional Support. Years of underinvestment in these areas and the lack of a strong organizing body have resulted in challenging conditions on the streets that have not been addressed. Both areas struggle with a high volume of unhoused individuals and many of the encampments have become sites of illegal dumping and excessive trash, attracting vermin and presenting health and safety concerns. The lack of support makes it hard for stakeholders to improve and maintain conditions that would help revitalize the area making it more welcoming to patrons and safer for employees. Even a moderate influx of funds could be used for services such as:

- Permitting for festivals and outdoor dining
- Marketing and media outreach
- Production and publicity of events
- Placemaking features
- Streetscape improvements and graffiti removal

¹ See Pierce Abrahamson's September 2021 report for the City of Berkeley, Client Report: Adeline Corridor Parking Benefit District, attached, p. 8.

² See October 19, 2021 [Downtown Berkeley Association Press Release: City of Berkeley Replenishes COVID-19 Business Damage Mitigation with \\$50,000.](#)

Gilman and Lorin Districts: Nascent Merchant Groups. While both districts struggle to negotiate challenging conditions on the street, they are both well on their way to establishing robust merchants associations. Currently, both districts have advisory boards that have sought fiscal sponsorship through the Berkeley Chamber: the Lorin District since November, 2015 and the Gilman District since April, 2022. Both Districts boast eye-catching websites³ and a strong sense of community engagement.

BACKGROUND

Parking Benefit Districts can Provide Funds Though Could Take Years to Establish. On January 18, 2022 City Council approved on consent Councilmembers Kesarwani and Bartlett's referral to the City Manager to establish a framework for a Parking Benefits District (PBD) in the Gilman and Lorin Districts. PBDs spend meter revenues for public services and amenities in the metered area. They comprise a defined geographical area in which revenue from on and off-street parking within the area is kept within the district to finance neighborhood improvements.⁴ Reinvesting meter revenue back into the district helps build support among residents and businesses as the economic benefits of metered parking are made tangible through neighborhood improvements along the lines of what BIDs offer. PBDs can provide a steady stream of funds that can help fill in the gaps where City services are insufficient. They also require a community advisory board made up of local stakeholders that convene regularly and make recommendations to the City Council for funding improvements. While this item was approved unanimously and could provide much needed funds, it will take years to establish as all current parking revenues must first be utilized for payments and obligations associated with the Center Street Garage parking revenue bond. The City will additionally need to hire a consultant to help establish the Parking Benefit Districts and write the enabling ordinance.

RATIONALE FOR RECOMMENDATION

Ultimately, establishing a BID would be the greatest benefit to these districts. BIDs require stakeholder buy-in and have the ability to transform struggling areas into vibrant neighborhoods. BIDs also take a considerable length of time to establish as a majority of property owners or businesses need to be engaged to secure their participation, enabling legislation needs to be written, and City Council needs to approve the new entities. This process takes years of hard work and would come only after considerable effort by key stakeholders. While a BID might be the end goal, the Gilman and Lorin Districts need immediate support, and these capacity building

³ See [Gilman District](#) and [Lorin District](#) websites

⁴ See Newport Beach's [Commercial Parking Benefit District](#) flier

grants can help fill in the gaps. The money requested in this budget referral will allow the merchant groups to provide some immediate improvements to their respective areas building enthusiasm among stakeholders which could eventually allow for a smoother segue to establishing a more formalized structure in the future. The Gilman District Coordinating Committee is currently in process of planning a large street festival with road closures, food and beverage areas, tabling and demonstrations scheduled for September 25th of this year. A capacity building grant will help ensure success. It is hoped that funds can also be used for streetscape improvements, public art, enhanced exterior lighting and security cameras to improve public safety.

FISCAL IMPACT

\$20,000 annually to be split equally between the two districts.

ENVIRONMENTAL IMPACT

Capacity building grants can provide much needed funds that could assist with keeping sidewalks and streets clean, enhancing public safety, and landscaping and streetscaping improvements. Investment in public spaces encourages greater utilization and civic pride in an area which in turn can lead to collective efforts to better maintain both the built and natural environment.

CONTACT

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