



Board Meeting Minutes
Date: March 15, 2022 from 6:30 pm to 7:35 pm
Location: Zoom platform

Present: Joseph Jung, Sonja Brooks, Mike Thaler, Alan Wilk, Mindy Landmark, Curt Haven, Keun Bae Yoo

Absent: Ryan Thomas

Staff: Shari Godinez, Courtney Russell, Greg Harris, Ramon Hall

Guest: Tim Seufert & Andrew Kraus NBS

<u>Subject</u>	<u>Discussion</u>	<u>Action</u>
1. Welcome and Establish Quorum	Meeting began 6:33 pm Quorum established	
2. Open Discussion / Announcements	No discussions/announcements	
3. Greg Harris, First Fridays	<p>Greg Harris- Greg mentioned First Fridays took place on March 4th and we had a great turnout with approx 8,000 attendees. He mentioned that the weather was a bit cold but despite that we were 2 spaces from being sold out. He stated there was a situation with the homeless attacking each other at the beginning of the event and OPD arrested the parties involved. Greg mentioned that we did increase private security at this event to ensure everyone was safe. He also mentioned that he met with Councilmember Carol Fife for about 30 minutes regarding sponsorships and signing off on items needed for First Fridays. He stated he also met with Kevin Choice for about 30-40 minutes regarding corporations that may be willing to sponsor First Fridays and has a follow up meeting with Kevin next week. Greg mentioned he has a meeting with the Oakland A's next Weds. Greg stated that he, Shari and the team met with McClymonds High School about a student vendor program where the students will learn about entrepreneurship and be able to sell their products at First Fridays. He stated that we are excited about getting that started and that Citibank is looking to sponsor a youth program so that may be a possibility. Greg stated that we asked Councilmember Fife for support if we could use Kaisers parking lot at Sycamore and Northgate as vendor parking and potentially charge \$5 and keep the vendors off the streets and in a safe parking lot during the First Fridays event.</p> <p>Joseph asked how the Kaiser parking lot is currently being used. Greg responded that it isn't and Shari mentioned that they have a few shuttles and new cars from the dealership that are parked there but the rest of the parking lot is empty.</p>	

b) - Shari Godinez, Executive Director KONO

Shari- Shari mentioned she did talk to the Mayor about getting a mural on the Kaiser parking structure. Shari stated that she and Courtney worked hard on the budget draft and shared it with the Board. She mentioned that she and staff attended a sneak peak reception at the Kissel Hotel. Shari stated she met with NBS and they will be speaking tonight at this meeting regarding the assessments. She stated she's currently working on the KONO annual report that's due by the end of March and will share the draft once completed. Shari mentioned we are currently working on the March newsletter and hope everyone read the February newsletter. She stated that she's working with Alan Chan with the city capital improvement project and the DOT regarding the KONO archway. Shari stated Alan was the designer for a few other archways. Shari mentioned that we were rewarded another grant through the city of Oakland Cultural Arts dept. for \$20k and she and Christina from Marketing worked on that together. She stated that we currently have 3 properties that have agreed to install cameras in the district at 24th, 26th and 29th Street. She mentioned Daniel Swafford met with the apt mgr at 29th. Shari stated that the KONO recycle bin did get removed and we have to come up with a solution for the cardboard that's being left in the district.

c) Ramon Hall, Streetplus Supervisor

Ramon-Ramon stated that currently the Streetplus Ambassadors are fully staffed. He mentioned they are consistently removing the graffiti tags, and clean sweeping of the streets. He stated that the cardboard dumpster was removed so he has informed the businesses not to leave the cardboard waste outside their businesses. Ramon mentioned that he has been taking pictures of the cardboard that is still being left out by some businesses. Ramon stated that everything is going good in the district other than that. Joseph asked what happens when a business leaves the cardboard outside their business. Ramon responded that Waste Management won't remove them and that they pick them up and throw them in the landfill garbage cans. Joseph asked Shari if this is something we need to resolve now. Shari responded that we are currently working with the city of Oakland and also seeing if a cardboard hauler company could pick them up.

**4) Discussion
Item: KONO Assessments
Guest
Speakers: Tim Seufert, NBS-Report 2021/22**

Tim stated that he met with Shari the other day and will give a quick report and then answer questions. Tim stated that we may remember that they assisted with the assessment renewals prior and that they keep track of all the parcels, any changes to the parcels and then calculate the assessments, which is then communicated to the city and put on the list to retrieve all the assessment fees. Tim stated the report he will share in this meeting reflects the current fiscal year starting in July 1, 2021-June 30, 2022. He mentioned that the assessments were approx \$5k more than the prior year. Tim started sharing his screen. Tim reminded us that the PDF we were looking at is just an excerpt of the way the assessments work and display of how the assessments are calculated by points. Tim explained how a commercial property receives more benefit points than a residential property. He explained the assessments were higher even though we did not increase the rates and was primarily due to new developments and mixed use properties in the district, for example the property at 2016 Telegraph. Tim pointed out on the screen what the maximum assessment rate is per Special Benefit Point and that it is important to document what the maximum is so owners know where we are getting the numbers from. Tim mentioned that Shari has a copy of the full breakdown of

how the benefit points are calculated by each property. Tim asked Andrew if he had covered everything and he responded he felt everything that needed to be covered was covered in his presentation.

Sonja- asked Tim if he could condense or summarize the report that was shown, for marketing purposes as a letter that can be sent out to the property owners to show what the board decides and how the assessments are calculated. Tim asked if Sonja thought it would be sufficient if we created something just with words and bullet points. Sonja responded that it could work with also adding a colored map to have on hand to give the property owners. Sonja also stated that having a document that informs the property owners of assessment increases would be beneficial. Tim responded that he can get some verbiage over to Shari and go from there.

Mike-asked how we compare to other districts in raising the assessments. Tim responded that since 2020 a lot of districts have opted not to raise the assessments because of times being tough and believe that some have actually reduced their assessment rates and it depends on what is going on in that particular district, however not raising the assessment during this time has been somewhat the norm throughout. Joseph asked for clarification, that since we haven't raised the assessments in the last 2 years and other districts haven't as well, if they should not be raised in the upcoming year. Tim responded that he doesn't believe we should necessarily and that he was just acknowledging that the other district had remained flat for the last couple years, however some districts are looking to raise their assessments even higher in the coming year, so it depends on the economic status of our district.

Mike mentioned that we did not cut back on any services.

Sonja asked Tim where the calculations and formulas come from. Tim responded the assessments formulas are the product of the renewal process and tailored to each individual district depending on the sizes of the buildings etc. Sonja asked if the formula is documented and something we could have as a reference. Tim responded that the formula is documented in the engineers report, and can be accessed through the city of Oakland's website and copies were also given to Shari.

Curt asked how we get so many different assessments. Tim responded that some districts have 4 different types and some have 100 or more, it just depends on the types of properties in that district. He stated KONO has pretty normal types such as residential, non-residential, private and public property and undeveloped property. Curt asked if he could get a copy of the engineer's report. Shari said she would share it with everyone.

Shari asked if the highest assessed properties were merchant properties. Tim responded that the higher assessments would be on the larger size properties, the more square footage you have will be higher. He stated if 2 buildings had the same square footage but one is commercial and the other is residential, the commercial building would be assessed higher.

Shari asked if the assessment that was shared with us today is the one that is being sent to the county on July 1st. Tim responded that what was shared today is what is currently on the tax bills, however the board would need to decide within a couple of months if the assessments will be raised and submit the updated amounts August 1st.

**5) Discussion
Item: KONO
Assessment
increase
2022/2023
(0-5%)**

Joseph- stated that within the last 2 years we did not increase the assessments. Tim stated the rate stayed the same in 2017, 2018 and in 2019 increased a little bit and from there it has remained the same for the last 2 years. Shari asked for confirmation if we raised the assessment twice in the last 5 years. Tim responded that it is correct and shared his screen again to show the % of the increases. Joseph asked Shari if she feels the budget has been tight and if we need to increase the assessments. Shari responded that we haven't had any big projects however if we do then we would need to consider that. She also mentioned inflation is so high and we had to raise the ambassador rates as well as considering health benefits. She stated on the other hand a property owner has requested that we do not raise the rates because a lot of the property owners have not been able to collect rent due to the moratorium over the past 2 years. Joseph stated that our assessment total is about \$600k and 2.5% would increase the assessments about \$15k. Mike stated that we should consider that the minimum wage, and utility costs have been raised. He also stated we should keep in mind that we won't realize the assessment increase until the following year. Mike stated he's in favor of raising the assessment by 2.5%. Curt asked what is the timing of this decision. Shari responded that this does not get voted on by owners but by the Board. Curt stated that he believes that this is a hard time to raise the rates at this time and look internally to see if we need to increase our staff and talk about this during the retreat. Shari stated that we should make a decision on this at the next board meeting in May. Alan stated we should look to see if we have any major projects coming up and because we still have a major issue with funds for First Friday that keeping the festival funded and alive should be the first priority. Mike stated that First Fridays is in the hole a minimum of \$20k a month and obligated to pay the police fees and using KONO reserves to fund First Fridays will take us out of business by Sept. Mindy stated she believes we need more time to review everything in another meeting and also look at what it means for staff to have health benefits and that it should be prioritized. Shari stated we will go over the numbers in this meeting and also to consider how much the archway will cost as well as the camera project and if KONO will have to contribute to both. Shari stated she allocated \$60k for the camera project in the budget however it depends on how many businesses are on board and will contribute to the project. Joseph asked if Shari can find out what other districts are doing in regards to the assessment increase. Shari responded she will ask the other districts.

**6) Discussion
Item: Reserve
funds for
Oakland First
Fridays**

Shari stated that Alan brought up if we should use reserve funds from KONO to fund First Fridays until it gets back in the black. Shari mentioned that we are doing what we can to obtain more sponsorships and grants. Joseph asked if we have been using reserves already. Shari responded that we haven't because she has been able to get approx \$200k in grant monies since covid began so the First Friday budget is bigger than it's ever been however the cost has increased greatly to put on the event and it is currently losing money each month. Shari stated that the decision is if we want to increase the \$25k that KONO contributes to First Fridays yearly or make a one time large contribution to First Friday for this year out of the reserve funds. Joseph asked how much is available to contribute to First Friday. Shari stated that the carry forward is \$380,981.00. Mike stated that we are losing \$25k per month, not per year, so we would be out of money by Labor Day. Joseph stated we will continue to put on First Fridays no matter what. Mike asked how can that be if we will be out of

	<p>money. Alan stated that we are still bringing in grants and partnerships based on the past 2 years so it shouldn't be out by Oct and that First Fridays is an important part of our district. Shari stated that if we calculate the next 9 months that will be approx \$180k. Mike stated that we are not considering the \$10k that OPD is requiring us to pay. Shari responded that the amount is unknown because OPD states that's what they want but have only billed for ~ \$1800 in the last 2 months and haven't cashed the checks we have given them. Joseph asked how much we should set aside since we have decided that we will continue the event. Mike stated that he doesn't believe we should set aside any because KONO should retain some money in reserve and only commit a % and not 100 % of the reserve. Sonja stated she agrees with Mike. Joseph asked if we could set aside \$80k for First Fridays. Sonja stated she would like to review the numbers before deciding on a random number to set aside. Shari asked if she should share the numbers on the screen. Sonja responded that she prefers to have the numbers in front of her to review. Shari stated that she took the carry forward and divided it into thirds and 1/3 (\$126,933) is wrapped into the 2022 budget and the difference is in reserves. She also stated that a portion of the reserves are being saved for the renewal. Joseph asked if we don't have reserves and we need to cover \$20k for First Fridays, are we taking that from KONO's account. Shari stated that we can continue to use First Fridays funds however we will hit zero at some point. Joseph asked if we have at least 10 months of reserves in the First Fridays account why do we need to reserve more money from KONO at this point. Mike stated that we don't want to pledge all of KONO's reserves to First Fridays. Shari stated that we won't and that KONO has to have reserves. She also stated that we had a carry forward of \$344k in 2020 and a net income of \$76k in 2021 and a total equity of \$421k. Mike asked how much more are we paying for security and police than we did 3 or 4 years ago. Shari responded that we paid zero 3-4 years ago for the police because it was covered by the city and we had 16 security guards for the last event. Sonja stated that we should have a certain amount of reserves set aside for security as it is one of the best uses for the reserves. Shari stated the reason for the increase in police/security costs is because OPD is short on staff but their goal was to have 24 officers at each event. Mike asked if we had 24 officers 3 or 4 years ago. Shari responded that she only recalls seeing 7 or 8 officers in the footprint. Joseph asked if we need to make a decision on the reserves by a certain time for the purpose of the budget. Shari responded not necessarily and that we can always amend the budget. Curt suggested that we cover the deficient for the next 90 days while the board has time to review the numbers and look at the benefits. Curt also mentioned that he thinks the board should go back to meeting monthly and not just 6 times a year in order to address these issues properly. Joseph stated we can come back to this discussion item.</p>	
<p><u>7) Discussion</u> <u>Item KONO</u> Board Retreat April 23, 2022</p>	<p>Shari stated that the retreat is scheduled for a half a day on Saturday April 23rd and she has confirmed the facilitator and is working on confirming Sequoyah Country club venue.</p>	

8) Action Item: Approve Minutes from January 18, 2022 Board Meeting	Mike Thaler- Motion to Approve Sonja Brooks-2nd the Motion No abstentions or objections-Minutes approved	Action: Board minutes approved for January 18, 2022
9) Action Item: Approve Financial Reports from Feb 28, 2022	<p>Balance for KONO at the end of Feb \$681,303.31 Total income-\$325,680.60 Total Expenditures- \$58,584.91 Net Income-\$267,095.69</p> <p>Balance of First Fridays at the end of Feb \$214,608.55 Total income \$14,550. Total expenses \$30,314.08 Net loss-\$18,763.56</p> <p>Shari shared her screen to go over the 2022 Budget draft. She went over each amount line by line. Mike asked to clarify the utility budget and asked if Shari is accounting for utility increases. Mindy asked if Shari could add a column to add the actuals in order to see the difference. Shari stated she wanted to keep the budget simple however she would add it. Joseph asked if the health insurance is a new item and for how many employees. Shari confirmed that it would cover 4 staff members and would be approx \$20k per year. Mike asked if there was a separate report for First Friday. Shari stated that she shared the First Friday report. Mike stated that there should be a notation showing the \$10k a month for police fees. Joseph stated just to notate somewhere on the document that there is \$10k in possible fees</p> <p>Mike T-Motion to Approve Alan-2nd the motion Sonja-abstention No objection Financial Reports approved</p>	Action Financial Reports approved for Feb 28, 2022
10) Open Discussion:	Shari asked if we can approve the Budget Draft. She stated that she needs to send in the report to the city by the end of March. Alan stated he would approve the budget now however if everyone wants to look at it further than we can wait. Mindy asked are the numbers the actuals. Joseph stated we are not approving the budget today and it will be at the next Board meeting. Curt stated we should talk about if we want to have a monthly board meeting at the retreat. Everyone agreed that we can talk about the board meeting and budget at the retreat. Shari stated the budget has to be sent out. Joseph requested that Shari send out the budget 72 hours prior to the retreat.	
11) Next Board Meeting:	Meeting adjourned: 8:04 pm Next Board Meeting: May 24, 2022 6:30 pm	

By Courtney Russell and Edited by Shari Godinez