May 18, 2022

The Honorable Oakland City Councilmembers
City Council Office
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To the Honorable Oakland City Councilmembers:

The Oakland Chinatown Chamber of Commerce (OCCC) and many property owners and Chinatown businesses write to express concern regarding the formation of the Oakland Chinatown Community Benefit District (CBD), now called the Oakland Chinatown Improvement Council (OCIC), whose actions we raise below. Given the $1.2 million in tax revenue drawn from Oakland Chinatown’s hard-working residents and small merchants, there must be accountability and transparency for how these funds are allocated in order to ensure that they benefit the District. Despite working with the Steering Committee for four years to create the Chinatown CBD, many property owners and businesses were not given the ability to participate on the Interim Board.

- The OCCC began and sponsored the process to form the Chinatown CBD over four years ago. At the time, the Downtown BID absorbed some Chinatown properties within its boundaries.
- The OCCC worked with the former Councilmember Abel Guillen to negotiate the return of these properties back to Chinatown when we formed the CBD.
- The OCCC, in partnership with Asian Health Services (AHS) and East Bay Asian Local Development Corporation (EBALDC), funded a small-scale trial version of the CBD on the 8th Street corridor within Chinatown.
- After a successful trial, OCCC funded consultants to start the process and follow the appropriate steps for outreach to the community and education of property owners and businesses on the formation of the CBD.
  - As part of this inclusive process, the OCCC participated in meetings with property owners, businesses, government agencies, developers, BART, the County of Alameda, the Oakland School Board, the Oakland Museum and the City of Oakland to explain how self-assessed property taxes would benefit the community through a CBD.
  - The Steering Committee surveyed the community, and found favorable results. The ballots were then sent to property owners for a vote, and the city counted the ballots. The property owners voted in favor of a self-assessed property tax to form the CBD.
- Following the vote, an Interim Board was to begin the formation of the CBD. Interim board members needed to be property owners to qualify, as they paid the taxes. Some business owners and tenants were also to be included in the board. The purpose of the Interim Board was to set up the non-profit organization for the CBD and elect a permanent board, which would manage the CBD under the bylaws, and hire staff for daily operations.
On September 10, 2021, the OCCC organized a meeting at the Asian Cultural Center for the purpose of electing the Interim Board. OCCC President Carl Chan and consultant Marco Li Mandri were the hosts, and Councilmember Nikki Fortunato Bas was also in attendance. This was the first in-person hybrid meeting, as the pandemic necessitated prior meetings to be conducted over Zoom.

- Stewart Chen and others who were never previously involved in the CBD formation disrupted the meeting, and the OCCC decided to postpone the meeting.
- On September 20, 2021, Councilmember Bas called Carl Chan to urge him not to host the next meeting, and instead allow her to host and direct the meeting. She said the groups who disrupted the previous meetings were her supporters, and offered city resources to assist in conducting the meeting.
- On September 24, 2021, Councilmember Bas and consultant Marco Li Mandri hosted the meeting, and Bas’ staff moderated the Zoom, controlling who could participate.
  - While she was running this meeting, she allowed her supporters to self-appoint themselves to the CBD interim board without verification that they were property owners, business owners or tenants within the boundaries of the CBD. Marco Li Mandri acquiesced to her decision.
  - OCCC asked Councilmember Bas and consultant Marco Li Mandri to delay any decisions for appointing the interim board until the candidates can be properly verified to meet the requirements as set forth by the bylaws.
  - Councilmember Bas and consultant Marco Li Mandri refused to do so, even though the meeting had already extended beyond its allotted time. Stewart Chen then insisted on the Interim Board vote and became president. He then changed the CBD name to the OCIC. The vote count was conducted by Councilmember Bas’s staff and her supporters, indicating a conflict of interest. There were 48 interim board members but the vote count did not match the number. It was so chaotic and it was difficult to know who actually voted.
  - OCCC raised its concerns with the voting process with Councilmember Bas’ chief of staff, Miya Chen, who offered to talk to the Councilmember. Councilmember Bas told Carl Chan that she just wanted to “move on”.
- Despite the problematic process of the election, the self-appointed interim board began to purchase equipment benefitting people outside of the CBD district boundaries. Additionally, the Interim Board was to end no later than February 2022 and form a permanent elected board.
  - The Interim Board refused to provide the needed information to verify the qualification of the self-appointed members.
  - The major duty of the Interim Board is to form the Permanent Board in order to run the day to day activities.
The Interim Board began making personnel decisions with far reaching effects, such as hiring an executive director for a three year contract.

The Interim Board offered the Executive Director position to a sitting Interim board member without relevant experience, a clear conflict of interest. The salary for the position was proposed as approximately $150,000 per year plus benefits. The Interim Board approved the appointment of this candidate in March 2022.

The consultant’s contract should have ended no later than February but the Interim Board decided to extend the contract for another 6 months.

The Interim Board has proposed diverting money from budgeted items to benefit certain Interim Board members, including a proposal to the East Bay Toishan Association.

The Interim Board Chair Stewart Chen called for an emergency meeting to spend $75,000 to purchase the drones for the Oakland Police Department. This is another major conflict on spending the money outside of the CBD district to purchase drones for the Oakland Police Department, which benefits residents outside of the CBD, a clear violation of the purpose of the self-tax, which is to keep the benefits within the district boundaries.

The Interim Board attempted to change the bylaws to eliminate the ⅔ requirement for property owners serving on the board.

For these reasons, we request the Oakland City Council to hold the remainder of the funds for the OCIC until these concerns receive proper investigation. Furthermore, we request the City Auditor to conduct an investigation regarding whether the formation of the OCIC interim board followed proper procedures with respect to the law and the bylaws of the CBD. Finally, we request the City Attorney to prosecute any improper use of Chinatown community taxpayer funds.

Sincerely,

Carl Chan
President, Oakland Chinatown Chamber of Commerce

cc:
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Courtney Ruby, City Auditor, cruby@oaklandca.gov
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Oakland Chinatown Chamber of Commerce Board of Directors