

MANAGEMENT AND DISBURSEMENT AGREEMENT

by and between

**CITY OF SAN LEANDRO,
a California Municipal Corporation,**

and

**SAN LEANDRO IMPROVEMENT ASSOCIATION,
a California Non-Profit Public Benefit Corporation**

November 18, 2013

This Management and Disbursement Agreement (“Agreement”) between the City of San Leandro, a municipal corporation, (the “City”) and the San Leandro Improvement Association, a California Non-Profit Public Benefit Corporation, (the “SLIA”) is entered into this 18th day of November 2013 (“Effective Date”). City and SLIA shall respectively be referred to as the “Party” or collectively as the “Parties.”

RECITALS

WHEREAS, on July 15, 2013, the City Council adopted Resolution No. 2013-102 , approving the creation of the Downtown San Leandro Community Benefit District of 2013 (“District”) pursuant to the City of San Leandro Business Community Benefit District Title 2, Chapter 2-20 of the San Leandro Municipal Code, and

WHEREAS, the Management District Plan for the District (“District Plan”) and Engineer’s Report that provide the legal basis for the District describe and set forth the intended particular and special benefit the property owners in the District will receive from new security, sidewalk maintenance, beautification, promotional, and marketing activities and improvements to be provided by the SLIA through implementation of the District Plan (the “District Plan Improvements”); and

WHEREAS, the City through a District ballot held on July 15th, 2013 received more than 50% weighted approval to levy and collect the property tax assessments for use and administration pursuant to the District Plan; and

WHEREAS, the District Plan Improvements will be funded through an annual levy of special assessments upon real property within the District (the “Assessments”), commencing on December 15th, 2013, and continuing for fifteen (15) consecutive years through December 31, 2028; and

WHEREAS, SLIA is responsible for implementing the District Plan; for creating a District budget and policies to comply with the District Plan; for preparing and filing quarterly and annual reports with the City reflecting compliance with the District Plan; and for overseeing the day-to-day implementation of the District Plan Improvements; and

WHEREAS, the Parties desire to enter into an Agreement in order to coordinate their respective activities necessary for the successful operation, administration and implementation of the District Plan and District Plan Improvements.

NOW THEREFORE, the Parties to this Agreement do hereby covenant and agree as follows:

1. **Scope of Disbursement Duties.** SLIA agrees to promptly perform all duties specified in the District Plan, attached hereto as **Exhibit A** and on file with the City Clerk. SLIA and the City shall each respectively designate an individual or individuals who shall be responsible for communications with each other for the duration of this Agreement. Nothing in this Agreement shall be construed to require SLIA to perform as specified in the District Plan if funds are not available to perform those duties due to lack of funding from Assessments or other revenues from operation of the

District (the “District Revenues”). SLIA shall notify City in writing as soon as SLIA is aware that District Revenues are insufficient or not available to perform duties specified in the District Plan.

2. Method of Performing Disbursement Duties. The method, details and means of performing the disbursement of District Revenues shall be as described in the District Plan attached hereto as **Exhibit A**, and as set forth herein (the “Disbursement Duties”). In the event of any conflict between the District Plan and this Agreement, disbursement of District Revenues shall be for the special benefits described in the District Plan.
3. District Term. SLIA’s Disbursement Duties shall begin on December 15th 2013, or as soon as the first year Assessments have been transferred to the SLIA. SLIA shall complete their Disbursement Duties by December 31, 2028, subject to the annual review and termination provisions in section 13 of this Agreement.
4. SLIA Responsibilities.
 - 4.1. Program Implementation and Operation. SLIA shall be fully responsible for developing, implementing, directing and operating the District Plan. SLIA assumes all responsibility for completing activities required to implement the District Plan and its programs.
 - 4.2. Competitive Bidding. SLIA shall competitively bid all contracts over \$15,000 and shall keep and provide copies of all bids submitted for review to any affected property owners or to the City upon request. The lowest bidder will not necessarily receive the contract that is bid. The quality, performance and experience of bidding contractor shall be taken into consideration prior to the awarding of that contract. The maximum contract term shall be three years for competitively bid projects.
 - 4.3. Separate Bank Account for District Revenues. All District Revenues received by SLIA pursuant to this Agreement shall be held in a bank account separate and apart from any other funds managed or administered by SLIA, and shall not be co-mingled with any other funds (the “Account”). Copies of all SLIA District Revenue Account statements shall be made available to the City upon request. SLIA shall provide the City with evidence of the establishment of the required District Revenue Account prior to the City transferring any Assessments to the SLIA.
 - 4.4. Use of Downtown San Leandro Community Benefit District or SLIA Name. The name “Downtown San Leandro Community Benefit District” or the “San Leandro Improvement Association” as its management corporation, or an appropriate abbreviation, shall appear on all marketing and promotional materials funded in part or in whole by District Revenues.
 - 4.5. Reporting to Property Owners within the District. A statement of activities/programs funded by District Revenues, and the cost of each such activity or program shall be mailed to every property owner within the District by December 31st of each year during the Term (the “Activity Statement”). A copy of the Activity Statement and a list of property owner names and addresses shall be provided to the City no later than December 15th of each year during the Term.

4.6. Open Meetings Laws. SLIA shall comply with the open meeting requirements of the Ralph M. Brown Act with regard to its performance of this Agreement.

4.7. Program and Budget Reports.

4.7.1 Reports, Work Plans and Budgets. The SLIA shall submit an Annual Work Plan and Budget on or before November 30th for each fiscal year for which Assessments are to be levied and collected (the “Annual Report and Budget”). The Annual Work Plan and Budget shall be prepared in accordance with Section 36622 of the Streets and Highways Code, and Article XIII.D of the California Constitution. If changes to the Annual Work Plan and/or Budget are requested that would require a public hearing and/or a public meeting pursuant to state law, the Community Benefit District Ordinance, or which would affect the Assessment database and resulting budget of the upcoming fiscal year, then such modification shall be submitted prior to May 1st of each year. The City must report any changes to the database or boundaries to the County by July 15th of each year during the Term. The Budget for any year shall not be effective until approved by the City.

4.7.2 Budget. Each program or activity specified in the District Plan and succeeding programs and activities shall be implemented within the approved budget amounts in accordance with the District Plan and this Agreement. Any obligations or expenditures not specifically budgeted shall not be paid from District Revenues.

4.7.3 City’s General Fund Not Liable. Neither the City’s General Fund, nor any other City fund, revenue source, or any other City monies, *except* the actual Assessment for property the City owns in the District under the conditions of Title 2, Chapter 2-20 of the San Leandro Municipal Code shall be collected from the County and transferred to the SLIA. The City shall only be responsible for payment of its property assessment as a property owner in the District. All Parties acknowledge and agree that any unpaid Assessments in the District are not a debt of the City, nor a legal or equitable pledge, charge, lien or encumbrance upon any City property or upon City income, receipts or revenues.

4.8. Financial Statements.

4.8.1. Annually in conjunction with the Annual Report and Budget, SLIA shall prepare financial statements that document the disposition, commitment and line item expenditures of all District Revenues received during the previous calendar year (the “Financial Statement”). The Financial Statement shall be prepared by a Certified Public Accountant (CPA) acceptable to the City. The City may request a full audit of the Financial Statement, if in its sole and absolute discretion, the City believes such an audit is necessary.

4.8.2. The City’s review of the Financial Statement shall be conducted in accordance with Government Auditing Standards (2003 and subsequent revisions) prescribed by the Comptroller General of the United States. All other audits shall be prepared in accordance with Generally Accepted Accounting Principles in the United States of America.

- 4.8.3. Any District Revenues necessary to cover SLIA's portion of the Financial Statement shall be set aside in the Budget.
- 4.8.4. The Financial Statement shall be delivered to the City at the same time as the Annual Report and Budget or within 90 days of the completion of each fiscal year of the SLIA;
- 4.9 Program Coordination. SLIA shall complete its Disbursement Duties and shall cooperate with the City in the implementation of the District Plan, including program development and coordination of District activities with City functions.
- 4.10 Assessment Records. SLIA shall maintain a complete database for each parcel assessed within the District, containing the following information:
- 4.10.1 Assessor's Parcel Number
 - 4.10.2 Street Address
 - 4.10.3 Name and Address of Owner(s) of Record
 - 4.10.4 Amount of the Assessment Levied
 - 4.10.5 Proportionate Financial Obligation Imposed, compared to District
 - 4.10.6 Assessment Calculations, including all variables used
- SLIA agrees to maintain such information and make it available to property owners within the District during regular business hours
- 4.11 Annual Assessment Preparation. By June 1 of each operating year, SLIA shall provide the City with Assessment data for the subsequent tax year (July 1 – June 30), in a format prescribed by the City. The Assessment data shall include all of the information required in "Assessment Records," as described in paragraph 4.10.
- 4.12 Liaison with Community. SLIA shall maintain on-going communication and coordination with District property owners, residents and property owners, which shall include:
- 4.12.1 Annual Meeting. At its own cost and expense, SLIA shall organize and conduct, at a minimum, one annual public meeting to be noticed in writing mailed to all record owners of property in the District. This meeting will be conducted at a location convenient to the District. A City representative may attend as a member of the panel to provide information and assistance.
 - 4.12.2 Other Events. Such other events and activities involving District members that encourage attainment of the District goals and objectives.
 - 4.12.3 Assessment Notification. SLIA shall notify all property owners in writing when an increase in Assessments is proposed.

- 4.12.4 Cost and Expense Records. SLIA shall maintain full and complete records of activities performed under this Agreement. Such records shall be open to inspection by the City, and shall be maintained for a minimum of four years after the termination of this Agreement.
- 4.12.5 Payment of Taxes. SLIA is responsible for paying, when due, all taxes, including income taxes, if any, including estimated taxes, incurred as a result of activities completed under this Agreement. On request, SLIA will provide City with proof of timely payment of any taxes. SLIA agrees to indemnify and defend City with counsel acceptable to the City for any claims, costs, losses, fees, penalties, interest or damages suffered by City resulting from SLIA's failure to comply with this provision.
- 4.12.6 Payment of Expenses. SLIA will be responsible for all expenses incurred in performing its Disbursement Duties under this Agreement.
- 4.12.7 Tools, Materials and Equipment. SLIA will supply all tools, materials and equipment required, if any, to perform the Disbursement Duties.
- 4.12.8 Compensation. SLIA agrees and understands that it shall receive no compensation for any of the Disbursement Duties or other obligations set forth in this Agreement.

5 City Responsibilities.

5.1 Administration. This Agreement shall be administered by the City Manager or his/her designee (referred to herein as "City") on behalf of the City. The City agrees to:

- 5.1.1 Coordinate the collection of the annual Assessment through an agreement with the County of Alameda; ensure the billing of those public or tax-exempt entities not billed through the County of Alameda property tax billing procedures; and monitor the payment process to obtain timely payment of Assessments by public entities and other tax-exempt District property owners;
- 5.1.2 Provide timely District property tax roll information to the County of Alameda Auditor-Controller in order to include the annual Assessment amounts on the County's property tax bills;
- 5.1.3 Provide general information to SLIA, the assessed property owners, and the public;
- 5.1.4 Direct the disbursement of collected Assessments to SLIA in accordance with this Agreement and the approved Annual Report and Budget; and
- 5.1.5 Perform other related tasks, as agreed to by the City.

5.2 Discrepancies and Assessment Disputes. The City may assist with the resolution of any discrepancies in individual Assessment amounts or calculations and has the authority to:

- 5.2.1 Conduct reviews and or audits of any Assessment related data; verify Assessment data as compiled by any consultant, sub-consultant, or other party hired by SLIA; perform field or on-site inspections to verify the accuracy of Assessment data or investigate any Property owner claims concerning the accuracy of any Assessment data.
- 5.2.2 Recalculate the Assessment amount due and request the Alameda County Auditor-Controller (the “CAC”) to make the requested adjustments. Provided however, that if the CAC does not honor the City’s request to recalculate the Assessment the City shall not be liable in any way for any Assessments other than its own, and shall not be obligated to pursue any action against the CAC to obtain any adjustment or recalculation.

5.3 Disbursements. The annual District Assessments will be collected through the County property tax collection procedures and will be transmitted to the City pursuant to agreements between the City and County. Except for the costs defined in Paragraph 5.3.4, below, City shall disburse the collected Assessments to SLIA pursuant to the terms and conditions of this Agreement. The City shall not be obligated to disburse Assessments which have not been collected. Upon request by SLIA and with approval of the City subject to compliance with this Agreement, any Assessments received by the City that are in excess of the annual Assessment (penalties, late-payments, etc.) shall be disbursed to the SLIA upon receipt.

5.3.1 Assessment Disbursement Schedule. Contingent upon receipt of District Assessment funds from the County of Alameda and contingent upon SLIA’s compliance with this Agreement and the District Plan, the City shall disburse to the SLIA the Assessments received from the County on or about the following dates and in accordance with the following percentages. Said disbursements shall include an accounting of the property Assessments paid per parcel. On or about:

- December 18th The full amount transferred by the County to the City in the December installment. Plus 50% of the annual Assessments received and collected by the City for tax-exempt and publicly owned parcels within the District.
- April 30 The full amount transferred by the County to the City in the April installment. Plus 50% of the annual Assessments received and collected by the City for tax-exempt and publicly owned parcels within the District.
- June 20th Any additional Assessment amounts transferred to the City that were collected during the fiscal year (terminating on June 30th) and transferred to the City, shall be forwarded to SLIA based on the schedule set forth in 5.3.1 herein above. Said additional amounts may include any delinquency or penalty amounts from the late or non-payment of Assessments by any property owner in the District.

5.4 Subsequent Adjustments. If there is an adjustment in the Disbursement due to changes in receipts of the District, such Disbursement may be adjusted in the following year. The

City shall not be responsible for delays in payments due to delays in transmittal by the County.

- 5.5 City Review of Financial Summary. The City reserves the right at any time to request a current financial summary of all District Revenues committed and/or spent during the previous quarter(s) from SLIA. SLIA shall submit such financial summary to the City within thirty (30) business days of the City's request. The City reserves the right to review the summary and to refuse to disburse any further installments if it is not satisfied with the statement or with regard to the propriety of SLIA's commitment or expenditure during the previous quarter(s).
- 6 Costs and Expenses. The Parties acknowledge that the County of Alameda will deduct from the funds collected on behalf of the District the County's administrative costs for the collection and distribution of Assessments to the City (the "County Administrative Costs").
- 7 Ownership of Documents. The designs, plans, reports, files, invoices, investigation materials, documents prepared or acquired by or for SLIA pursuant to this Agreement become the joint property of the City and SLIA. SLIA agrees to exercise due diligence in providing for the secure storage of all such materials and to provide copies for official City records upon the request of City.
- 8 Independent Contractor. It is expressly agreed that in the performance of this Agreement, SLIA is an independent contractor and is not an employee of City. SLIA retains the right to control and supervise its activities, and employment, direction, compensation and discharge of all persons assisting SLIA in the performance of this Agreement. SLIA shall be solely responsible for all matters relating to the payment of its employees, including compliance with social security, withholding and all other regulations governing such matters, and shall be solely responsible for SLIA's own acts and those of SLIA's subordinates and employees.
- 9 SLIA Not Agent of City. Neither SLIA nor any of its employees, agents, representatives or subcontractors are or shall be deemed to be agents of the City or public officials for any purpose, including fulfillment of SLIA's obligations pursuant to this Agreement.
- 10 SLIA's Qualifications. SLIA represents that it has the qualifications and skills necessary to perform the Disbursement Duties under this Agreement in a competent and professional manner without the advice or direction of City. Failure to perform all of the Disbursement Duties constitutes a material breach of this Agreement, and is cause for termination.
11. Non-Exclusive Relationship. SLIA may perform services for, and contract with other clients, persons or companies in its sole discretion so long as such services and contracts do not breach this Agreement.

Compliance with (San Leandro Municipal Code Chapter, Ordinance Title 2, Chapter 2-20 of the San Leandro Municipal Code

12. SLIA shall comply with all requirements of the City of San Leandro Community Benefit District Ordinance Title 2, Chapter 2-20 of the San Leandro Municipal Code, and

- 12.1 Term and Termination. This Agreement shall become effective on the Effective Date and terminate on December 31, 2028 (the “Term”); unless it is otherwise extended by mutual written agreement of the Parties in compliance with Ordinance Title 2, Chapter 2-20 of the San Leandro Municipal Code, and
- 12.2 as the same may be amended from time to time.
- 12.3 Early Termination. Either Party may terminate this Agreement at any time upon giving the other party sixty (60) days written notice.
- 12.3 Termination for Default. If either Party defaults in the performance of any of the terms and/or provisions to be performed by a Party pursuant to this Agreement, then the non-defaulting Party shall provide written notice to the defaulting Party describing the default and requesting a cure (“Default Notice”). If such default is not cured within thirty (30) days (or if the default is not susceptible to cure within said thirty-day period) after the Default Notice is mailed or delivered, then the non-defaulting Party may terminate this Agreement. To the extent the alleged default concerns or relates to the use or expenditures of District Revenues, SLIA shall hold all unencumbered District Revenues in an escrow account until the default is cured.
13. Inspection of Books and Records. During the Term, and for a period of four (4) years after the Term, or two (2) years after the closure of any disputed matter, whichever occurs later, (the “Audit Period”), SLIA shall maintain financial and operational records related to this Agreement, which include, but are not limited to the Annual Financial Statements, the Annual Reports and Budgets and any audits (the “Books and Records”). At the request of the City, SLIA shall make all Books and Records open to inspection by the City, or its designee during normal business hours.
14. Non-Discrimination in Employment. SLIA certifies and agrees not to discriminate against any employee or person who is subject to this Agreement because of race, color, religion, religious belief, national origin, ancestry, citizenship, age, sex, sexual orientation, marital status, pregnancy, parenthood, medical condition, or physical or mental disability. Evidence of discrimination shall be sufficient cause for termination of this Agreement.
15. Public Liability and Property Damage Insurance. SLIA shall assume all responsibility for damages to property and injuries to persons, including accidental death, which may arise out of or may be caused by SLIA’s performance of this Agreement, by its subcontractors or by anyone SLIA directly or indirectly employs, and whether such damage or injury may accrue, or may be discovered, before or after termination of this Agreement. At its own expense, SLIA shall obtain, pay for and maintain during the life of the Agreement an "occurrence" policy for Commercial General Liability (including Contractual Liability) and for Automobile Liability which shall protect it from claims for injuries and damages. The SLIA shall demonstrate that it has such policies fully paid for and in place within 30 days of the transfer of the first installment of assessment funds from the City in December 2013. The policy shall name the “City of San Leandro, its elected and appointed officials, officers, agents and employees” as additional insureds under the policy in the following amounts:

15.1 COMMERCIAL GENERAL LIABILITY INSURANCE in an amount not less than Two Million Dollars (\$2,000,000) per occurrence for personal injuries, including accidental death, to any one person; property damage insurance in an amount not less than Two Million Dollars (\$2,000,000) and subject to the above limits and combined single limit of insurance in an amount not less than Three Million Dollars (\$3,000,000); and

15.2 AUTOMOBILE LIABILITY INSURANCE endorsed for all vehicles (whether rented, leased, hired, scheduled, owned or non-owned), in an amount not less than One Million Dollars (\$1,000,000) per occurrence for personal injuries, including accidental death, to any one person; property damage insurance in an amount not less than One Million Dollars (\$1,000,000) and subject to the above limits and combined single limit of insurance in an amount not less than One Million Dollars (\$1,000,000).

15.3 At all times, the insurance company issuing said policy shall be an “admitted” insurer in the State of California and shall carry an A.M. Best & Company minimum rating of AA:VII.

15.4 All policies shall contain a “Severability of Interest” clause and a “Primary Coverage” clause for any loss arising out of or caused by SLIA’s performance of the Agreement. In addition, the policies shall contain a statement of obligation on the insurance carrier’s part to notify City, by registered mail, at least thirty (30) days in advance of any policy cancellation, termination or reduction in the amount of coverage.

15.5 Within thirty (30) days of the first transfer of funds from the City, the SLIA shall deliver to City a “certificate of insurance” and an “additional insured endorsement”, both documents countersigned by the insurance carrier or its authorized representative, on forms satisfactory to the City Attorney, which set forth the above provisions.

15.6 The countersigned certificate, along with the additional insured endorsement, shall state: “The City of San Leandro, its elected and appointed officials, officers, agents and employees are named as additional insureds under this policy. This insurance is primary to the coverage of the San Leandro Successor Agency and the City of San Leandro. Neither the Agency nor the City or any of their insurers shall be required to contribute to any loss. This policy contains a severability of interest clause. The issuing company shall mail thirty (30) days advance notice to the City of any policy cancellation, termination or reduction in the amount of coverage.”

15.7 Additionally, the certificate of insurance shall state if any claim has been paid or is currently pending under the policy, and if so, the amount of the claim(s) and the amount of liability limits as lowered by the paid or pending claim(s). Any deductibles or self-insured retentions shall be set forth on the certificate and shall be subject to City’s review and approval.

15.8 Workers’ Compensation Insurance. SLIA understands and agrees that all persons furnishing services to SLIA under this Agreement are, for the purpose of workers’ compensation liability, employees solely of SLIA and not of City. SLIA shall bear the sole responsibility and liability for furnishing workers’ compensation benefits to its employees,

or anyone it directly or indirectly employs, for injuries arising out of or connected with services performed on behalf of SLIA.

15.9 At its own expense, SLIA shall obtain, pay for, and maintain for the duration of the Agreement, complete workers' compensation insurance. SLIA shall provide proof of workers' compensation coverage by delivering to City either an insurance certificate or a certificate of consent to self-insure. The City shall not be responsible for any claims at law or in equity caused by SLIA's failure to comply with this paragraph. All workers' compensation insurance policies shall bear an endorsement, or shall attach a rider, which provides that the insurer will notify City, by registered mail, at least thirty (30) days in advance of the policy's expiration, termination or cancellation.

15.10 SLIA's Failure to Obtain, Pay For, or Maintain Insurance. SLIA shall deliver to City the required certificate(s) of insurance and endorsement(s) to the City within thirty (30) days of the first transfer of funds under this Agreement. SLIA's failure to obtain, pay for, or maintain any required insurance shall constitute a material breach upon which City may immediately terminate or suspend this Agreement. In the event of any termination or suspension, City may use the services of another consultant or consultants, without City incurring any liability to SLIA. At its sole discretion, City may obtain or renew SLIA's insurance, and City may pay all or part of the premiums. Upon demand, SLIA shall pay City all monies paid to obtain or renew the insurance. City may offset the cost of the premium against any monies due SLIA from City.

16. Laws. SLIA shall comply with all laws, statutes, ordinances and rules of all applicable governmental authorities.

17. Indemnification. Throughout the term of this Agreement, as and from the date hereof, SLIA agrees to defend, indemnify and hold harmless to the maximum extent permitted by law, the San Leandro Successor Agency, the City of San Leandro and its elected and appointed officials, officers agents and employees ("Indemnitees"), from and against any and all liabilities, suits, proceedings, judgments, claims, charges, damages, liens, causes of action, losses or injuries (whether in contract or in tort, including personal injury, accidental death or property damage, and regardless of whether the allegations are false, fraudulent or groundless), costs and expenses (including attorney's fees, litigation, arbitration, mediation, appeal expenses) which in whole or in part arise out of or are connected with acts or omissions of, performance of, or breach of this Agreement by SLIA or SLIA's independent contractors, agents, employees or delegates. In the event of any such claim, demand, proceeding or lawsuit against the Indemnitees, SLIA agrees to assume the immediate defense of Indemnitees by hiring and paying for legal counsel acceptable to City. SLIA's obligations under this paragraph shall apply, regardless of any sole, active and/or passive negligence of City, regardless of any willful misconduct of Indemnitees, and regardless of the degree of SLIA's or Indemnitee's fault in causing the harm that results in the claim, demand, proceeding or lawsuit.

18. Political Prohibition. Subject to applicable State and Federal laws, monies paid pursuant to this agreement shall not be used for political purposes, sponsoring or conducting candidate's meetings, engaging in voter registration activity, nor for publicity or propaganda

purposes designed to support or defeat legislation pending before federal, state or local government.

19. Conflict of Interest

19.1 SLIA certifies that no member, officer, or employee of the City who exercises any functions or responsibilities with respect to the programs or projects covered by this Agreement, shall have any interest, direct or indirect in this Agreement, or in its proceeds during his/her tenure or for one year thereafter.

19.2 SLIA shall immediately notify the City of any real or possible conflict of interest between work performed for the City and for other clients served by SLIA.

19.3 SLIA warrants and represents, to the best of its present knowledge, that no employee of the City who has been involved in the making of this Agreement, or who is a member of a City board or commission which has been involved in the making of this Agreement whether in an advisory or decision-making capacity, has or will receive a direct or indirect financial interest in this Agreement in violation of the rules contained in California Government Code Section 1090 et seq., pertaining to conflicts of interest in public contracting. SLIA shall exercise due diligence to ensure that no such employee will receive such an interest.

19.4 SLIA further warrants and represents, to the best of its present knowledge and excepting any written disclosures as to these matters already made by SLIA to City, that no employee of the City who has participated in decision-making concerning this Agreement or has used his or her official position to influence decisions regarding this Agreement, has an economic interest in SLIA or this Agreement. For purposes of this paragraph, an official is deemed to have an "economic interest" in any (a) for-profit business entity in which the official has a direct or indirect investment worth \$2,000 or more, (b) any real property in which the official has a direct or indirect interest worth \$2,000 or more, (c) any for-profit business entity in which the official is a director, officer, partner, trustee, employee or manager, or (d) any source of income or donors of gifts to the official (including nonprofit entities) if the income or value of the gift totaled more than \$500 the previous year. SLIA agrees to promptly disclose to City in writing any information it may receive concerning any such potential conflict of interest. SLIA's attention is directed to the conflict of interest rules applicable to governmental decision-making contained in the Political Reform Act (California Government Code Section 87100 et seq.) and its implementing regulations (California Code of Regulations, Title 2, Section 18700 et seq.).

19.5 SLIA shall incorporate or cause to be incorporated into all subcontracts for work to be performed under this Agreement a provision governing conflict of interest in substantially the same form set forth herein.

20. No Waiver. Nothing herein is intended to waive any applicable federal, state or local conflict of interest law or regulation.

21. Remedies and Sanctions. In addition to the rights and remedies otherwise available to the City under this Agreement and under federal, state and local law, SLIA understands and agrees that, if the City reasonably determines that SLIA has failed to make a good faith effort to avoid an improper conflict of interest situation or is responsible for the conflict situation, the City may (1) suspend payments under this Agreement, (2) terminate this Agreement, (3) require reimbursement by SLIA to the City of any amounts disbursed under this Agreement. In addition, the City may suspend payments or terminate this Agreement whether or not SLIA is responsible for the conflict of interest situation.
22. Assignment. SLIA shall not assign or otherwise transfer any rights, duties, obligations or interest in this Agreement or arising hereunder to any person, persons, consultant or sub-consultant, entity or entities whatsoever without the prior written consent of City and any attempt to assign or transfer without such prior written consent shall be void. Consent to any single assignment or transfer shall not constitute consent to any further assignment or transfer.
23. Time of the Essence. Time is of the essence in the performance of this Agreement.
24. Commencement, Completion and Close Out. It shall be the responsibility of the SLIA to coordinate and schedule the work to be performed so that commencement and completion take place in accordance with the provisions of this Agreement. Any time extension granted to SLIA to enable SLIA to complete the work must be in writing and shall not constitute a waiver of rights the City may have under this Agreement. Should the SLIA not complete the work by the scheduled date or by an extended date, the City shall be released from all of its obligations under this Agreement.
25. Governing Law. This agreement shall be governed by the laws of the State of California.
26. Notices. If either party shall desire or be required to give notice to the other, such notice shall be given in writing, by prepaid U.S. certified or registered postage, addressed to recipient as follows:

For the City of San Leandro:
City of San Leandro
835 East 14th Street
San Leandro, CA 94577
Attn: Office of Business Development

For SLIA
Lawrence Allphin
155 Parrott Street
San Leandro, CA 94577
Attn: Mr. Lawrence Allphin, Interim President

27. Entire Agreement of the Parties. This agreement supersedes any and all agreements, either oral or written, between the parties with respect to the rendering of disbursement duties by SLIA for

City with regard to the Downtown San Leandro Community Benefit District of 2013 and contains all of the representations, covenants and agreements between the parties with respect to the rendering of those duties. Each party to this agreement acknowledges that no representations, inducements, promises or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any parties, which are not contained in this agreement, and that no other agreement, statement or promise not contained in this agreement will be valid or binding.

28. Modification. Any alteration, change or modification of or to this Agreement shall not be effective unless made in writing in each instance signed on behalf of each Party.

29. Severability. If any term, provision, or covenant of this Agreement, or its application to any Party or circumstances shall be held by a court of competent jurisdiction, to be to any extent, invalid, void or unenforceable, the remaining provisions will continue in full force and effect without being impaired or invalidated in any way.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the respective dates set forth below.

CITY:
City of San Leandro,

a Municipal Corporation

SLIA:
San Leandro Improvement Association, dba:
Downtown San Leandro Association,
a California non-profit corporation

Chris Zapata, City Manager

Lawrence Allphin, President, SLIA

(Date)

(Date)

Approved as to form:
Richard D. Pio Roda CITY ATTORNEY

By: _____
City Attorney

Exhibits:

Exhibit A: Downtown San Leandro Community Benefit District Management Plan

Exhibit B: City of San Leandro Business Improvement Management District Ordinance
(San Leandro Municipal Code Chapter Ordinance Title 2, Chapter 2-20 of the San
Leandro Municipal Code)

2190170.1

EXHIBIT A – DISTRICT MANAGEMENT PLAN



**The Downtown San Leandro
Community Benefit District
2013
Management District Plan**

Revised Final Plan – August 8, 2013

*Formed Under San Leandro Community Benefit District Ordinance,
Title 2, Chapter 2-20 of the San Leandro Municipal Code,
City of San Leandro, California*

Prepared by:
New City America, Inc.
and
The Downtown San Leandro CBD Steering Committee



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Downtown San Leandro Community Benefit District (CBD) Revised Management District Plan

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Attachment:

A. Engineer's Report

Section 1

Management District Plan Summary

The name of this Community Benefit District is the Downtown San Leandro Community Benefit District (the "CBD"). The District is being formed pursuant of the City of San Leandro Community Benefit District Ordinance Title 2, Chapter 2-20 of the San Leandro Municipal Code as hereinafter referred to as the Ordinance.

Developed by the San Leandro Downtown Association and the CBD Steering Committee – this Management District Plan is proposed to improve and provide special benefits to individual parcels located within the boundaries of the newly proposed 2013 Downtown San Leandro Community Benefit District. The proposed CBD will provide special benefit district improvements and activities, including cleaning, security, beautification, district identity, possible transportation related activities and other special benefit programs to parcels within the boundaries of the proposed district.

The proposed Downtown San Leandro CBD serves to improve the individual parcels, attract new customers to their businesses, increase sales, increase occupancies and enhance the benefitting individual parcels within the CBD. The proposed CBD seeks to fund the special benefits that will be provided over the next fifteen years, based upon keeping the greater Downtown San Leandro area clean, safe, orderly, attractive, well marketed with special events and programs, and increase commerce within the boundaries.

Boundaries:

The boundaries shall include approximately 30 whole or partial blocks with 199 parcels. See Downtown San Leandro Proposed Special Benefit District Zones map in Section 2, pages 9 and 10. The District is generally bounded by Alvarado Street on the west, on Santa Rosa Street on the east, by the San Leandro Creek on the north and by Castro Street on the south (excluding 400 Davis Street and 1332, 1567-1593 Carpentier Street condo complexes). A large area bordered by Hays Street (east), West Estudillo (north) Carpentier Street (west) and Parrott Street (south), is excluded at this time since this six block area is comprised primarily of single family residents. If and when these homes convert to commercial or multi-residential usages, the CBD will seek to expand to include those parcels so they can contribute to and receive benefit from the CBD special benefit services. Current single family residential land uses included in the proposed district have not been assessed due to the lack of anticipated special benefit they will receive. If and when these single family residential uses have been converted to multi-family or commercial/retail/office uses, they will then be assessed and special benefits will be delivered to these individual parcels.

Budget:

The total first year Downtown San Leandro CBD budget based upon assessable individual parcel owners for FY 13/14, will be \$ 359,053.00. Please see Section 3 for a breakdown of the categories of special benefit services and their allocation of services by Benefit Zone.

Improvements, Activities and Services of the Downtown San Leandro CBD Plan:

There are five basic categories of special benefit services that will be funded by the Downtown San Leandro CBD. All of these services will confer a special benefit to the individual parcels within the Downtown San Leandro CBD. The categories of special benefits are as follows:

1. ***Sidewalk Operations, Beautification and Order:*** This includes all sidewalk and gutter cleaning services, security, sidewalk steam cleaning services, graffiti removal, trash removal, as well as enhanced services to beautify the district based upon Benefit Zone contributions. Sidewalk operations services total \$ 234,175 or 65% of the first year annual budget of the new CBD.
2. ***District Identity:*** These services include the branding of the Downtown San Leandro area, marketing and promotions, newsletter, public relations, media relations, social media, publicity, special events, website development and maintenance, public space develop and holiday decorations. These services equal \$ 50,000 or 14% of the first year annual budget of the new district.
3. ***Enhanced Residential Improvements:*** Though there are currently not any single residential units in the form of condos within the boundaries of the revised district, future condo developments that will be constructed within the CBD boundaries will be assessed to fund their particular special benefits. These special benefit services will include, but are not limited to: enhanced beautification in blocks with a high density of condos, public space development, implementation of pet related services and administrative costs.
4. ***Program Management and Corporate Operations:*** These services equal \$60,750 or 17% of the first year annual budget of the new district.
5. ***Contingency/Reserve.*** This contingency anticipates a “historic” non-payment rate percentage of 2 to 4%, and any City or County collection fees. This fund equals \$14,128 or 4% of the first year annual budget of the new district.

Table 1
Downtown CBD FY 2013-14 Budget

Program or Service	% of Budget	Estimated Cost of Benefit
Sidewalk Operations, Beautification and Order	65%	\$ 234,175
District Identity and Streetscape Improvements	14%	\$ 50,000
Enhanced Residential Improvements	0%	\$ 0
Program Management, Corporate Operations	17%	\$ 60,750
Contingency	<u>4%</u>	<u>\$ 14,128</u>
Total First Year Budget	100%	\$ 359,053

This plan proposes percentages for groups of services with the intent that they will provide individual parcels with an understanding of the portion of the budget allocated to fund those services, while simultaneously giving the property owners and businesses an understanding of the proportional benefit they will receive. Demands for prioritization of one special benefit need over another *within the same category* will occur year by year. Security may be a priority one year, however enhanced sidewalk sweeping and beautification may be a priority another year. Both of these services fall within the same special benefit category.

Method of Financing:

The financing of the CBD is based upon the levy of special assessments upon real property that receive special benefits from the improvements and activities. See Section 4 for assessment methodology and compliance with Proposition 218. There will be four factors used in the determination of proportional benefit to the parcels in the CBD. Those four factors are:

- Linear frontage, (broken down by Benefit Zones). Parcels will be charged different frontage rates based upon the frequency of services that the Benefit Zone frontage will receive from the Sidewalk Operations portion of the CBD budget;
- Lot size or the footprint of the parcel;
- Building square footage (excluding parking structures built within the building that predominantly serve the tenants of the building and are not open to the public); and
- Future residential condos that will be constructed along the public rights of way within the District.

The following data represents the foundation of the assessments that will generate the revenue to fund the Downtown San Leandro CBD: (verified as of March 9, 2013);

Building Square Footage: 1,085,541 sq. feet

Gross Lot Size: 3,223,225 sq. feet

Gross Linear Frontage: 34,100 linear feet
(Benefit Zone 1 = 18,495 linear feet)
(Benefit Zone 2 = 15,605 linear feet)

Residential Condos: 0 assessable building square footage.
 Currently there are no residential condo developments within the Downtown San Leandro CBD boundaries total. When constructed, these future units will be assessed at the rate of \$0.20 per square foot for their verifiable building square footage per parcel. Commercial condos will be treated as commercial buildings being assessed for their proportion of linear frontage, lot size and building square footage. For a more detailed explanation of residential assessments and services please see Section 4, pages 22 and 23.

Benefit Zones:

State law and the State constitution, Article XIID require that special assessments be levied according to the special benefit each individual parcel receives. There will be two benefit zones in the proposed Downtown San Leandro CBD, and parcels identified in the CBD map in Benefit Zone 1 will be charged a higher linear frontage rate due to the proportional benefit they will receive.

Costs:

Annual assessments are based upon an allocation of program costs by assessable linear frontage (by Benefit Zone), assessable on all sides of the parcels that receive benefit; PLUS lot or parcel square footage; PLUS assessable building square footage, and in the case of residential condos, by building square footage. Future residential condo owners will be assessed differently since they are, in essence, acquiring air rights with the purchase of their residential condos and linear frontage and lot size will not be relevant to their parcels. This alternate assessment methodology is created to respond to their special needs of homeowners within this growing Downtown district. All four property variables, including an individual parcel's location within the designated areas for Benefit Zone will be used in the calculation of the annual assessment.

The FY 2013-14 year annual assessments per property variable and Benefit Zone are as follows:

Linear Frontage costs: Benefit Zone 1 \$4.115098 per linear foot/year
 Benefit Zone 2 \$2.579620 per linear foot/year

Building Square Footage costs: Benefit Zone 1 & 2 \$0.045985 per square foot/year

Lot Size costs: Benefit Zone 1 \$0.0725835 per square foot/year
Benefit Zone 2 \$0.0478005 per square foot/year

Future Residential Condo costs: \$0.20 per square foot of parcel unit square footage

Assessment District Revenue Generation from each property variable:

Linear Frontage (Both Zones):	\$ 116,364
Building Square Footage:	\$ 49,918
Lot Size:	\$ 192,771
Future Residential Condos	\$ 0
Total:	\$ 359,053

Cap:

The CBD budget and assessments may be subject to changes in the Consumer Price Index (CPI) for the San Francisco – Oakland – San Jose Consumer Price Index for all urban consumers from February to February, with annual increases not to exceed 3% per year. Increases will be determined by the Owners’ Association/District Management Corporation and will vary between 0% and 3% annually. Changes in land use, development of empty parcels, conversion of tax exempt to profitable land uses, demolition of existing buildings, and creation of new parcels through new building or residential condo development may alter the budget from year to year based upon the changes in the building square footage of an individual parcels. Since linear frontage and lot size normally are not altered in the redevelopment of a site, the only changes realized in the CBD will be through the building square footage. In addition, changes in the budget may occur due to the conversion of single parcels to multiple parcels due to the construction of residential or commercial condos.

Bonds:

The District will not issue any bonds related to any program.

District Formation:

The District formation and modification requires a submission of petitions from property owners representing more than 30% of the total assessments.

Once the City verifies the petitions totaling a minimum of 30% or \$107,716.00 in assessment contribution to the District, the City Council may adopt a Resolution of Intention to mail out ballots to all affected property owners. The City will then hold a public hearing and tabulate the mail ballots. The Downtown San Leandro CBD will be formed if the weighted majority of all returned mail ballots support the District formation and if the City Council adopts a resolution of formation to levy the assessments on the benefiting parcels.

Duration:

The Downtown San Leandro CBD shall have a fifteen-year term which shall commence on July 1, 2013 and expire on June 30, 2028, with operations winding down by December 31, 2028.

Governance:

Pursuant to the City of San Leandro Community Benefit District Ordinance and Section 36600 of the California Streets and Highway Code, a District Management Corporation or Owners' Association, will review District budgets and policies annually within the limitations of the Management District Plan. The Management Corporation will file Annual Reports with the City of San Leandro (City) and will oversee the day-to-day implementation of services as defined in the Management District Plan. Section 36614.5 states:

The "Owners' association" means a private nonprofit entity that is under contract with a city to administer or implement activities and improvements specified in the management district plan. An owners' association may be an existing nonprofit entity or a newly formed nonprofit entity. An owners' association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose."

Section 2

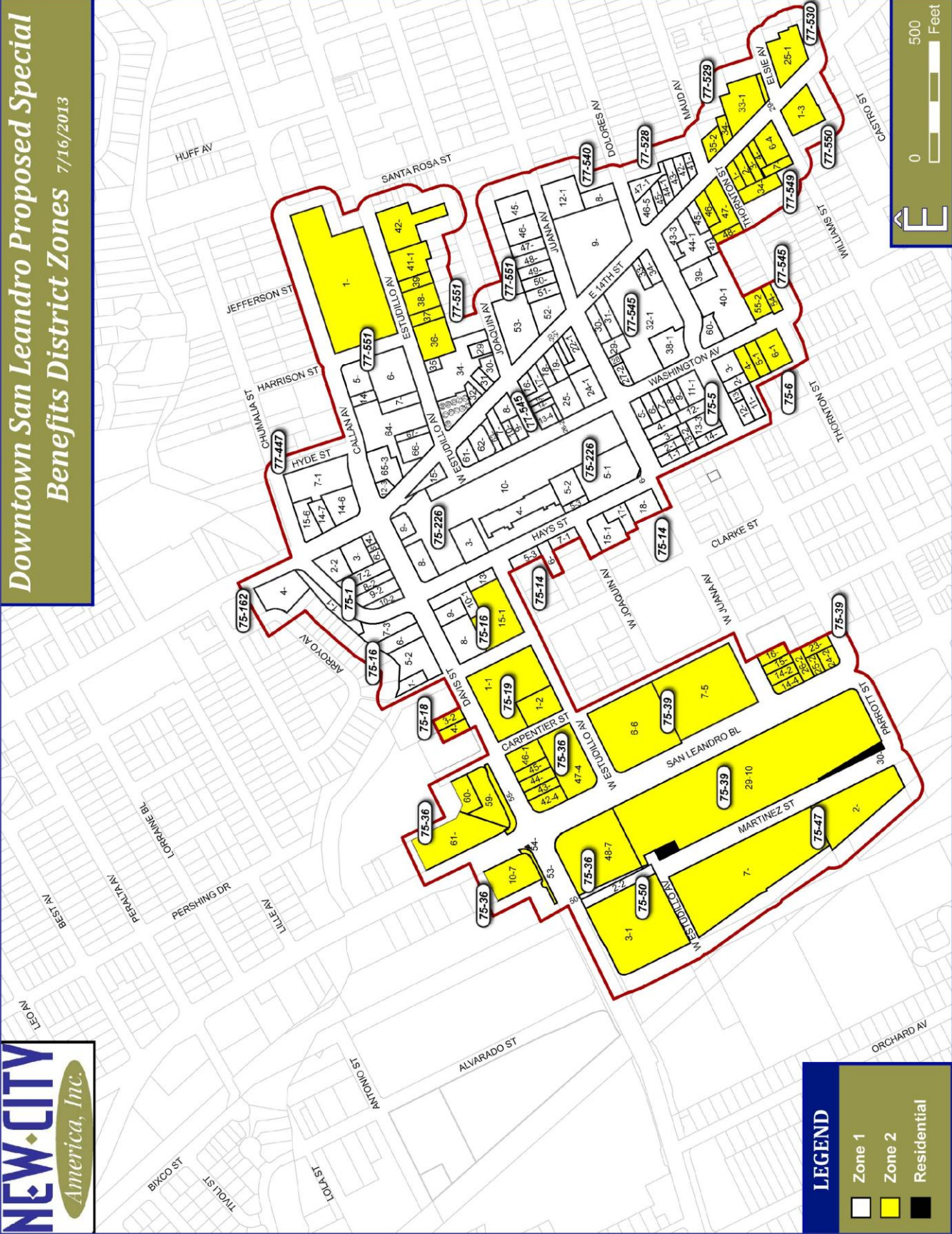
Downtown San Leandro Community Benefit District Boundaries

Boundaries: The following text will define the boundaries of the Downtown San Leandro CBD.

General Description of the Proposed Boundaries: Parcels in the commercial corridors of the Downtown San Leandro CBD will include as follows:

- **Northern Boundary:** Starting at the northeast corner of the district, the northern boundary begins with parcel 77-551-001 at the intersection of Santa Rosa Street and Callahan Street and runs west to Hyde Street. At Hyde Street the boundary runs along the west side of Hyde Street to the San Leandro Creek. The boundary then runs west to include parcel 75-162-004 at Hays and E. 14th and continues westward along the Creek up to parcels 75-36-061 and parcel 75-36-10-7 on the northwest and northeast corners of the intersection of San Leandro Blvd. and Davis Street. *(As of the Council Resolution of Formation adopted on July 15th, 2013, the residential condos at 1332, 1567-1593 Carpentier Street and 400 Davis Street have been removed from the boundaries of the Downtown CBD).*
- **Southern Boundary:** Starting at the corner of Parrott and Alvarado Streets, at parcel 75-47-002 running eastward along the north side of Parrott Street to include the parcels at the southeast corner of Parrott and San Leandro Blvd. The southern boundary then continues at the northwestern corner parcel of the intersection of Thornton Street and Washington Avenue (parcel 75-60-6-1) including the parcel at the northeastern corner of the same intersection. The southern boundary then continues along the southern side of parcel 77-550-1-3 and parcel 77-530-25-1 at the southwestern and southeastern corners of the intersection of Williams Street, Elsie Avenue and E. 14th Street.
- **Eastern Boundary:** Starting at the parcel at the southeastern corner of Elsie and E. 14th, running north along the eastern side of the parcels in general, fronting along E. 14th Street, and excluding single family residential parcels on the east side of E. 14th Street. (please see map for exact boundaries), up to parcel 77-551-01 at the intersection of Santa Rosa and Callan Avenue.
- **Western Boundary:** Starting at the northeastern corner of the intersection of Parrot Street and Alvarado, parcel 75-47-002 running northward along the east side of Alvarado Street up to the parcel at the southeastern corner of Davis Street and Alvarado, parcel 75-50-3-1.

Downtown San Leandro Proposed Special Benefits District Zones 7/16/2013



LEGEND

White box	Zone 1
Yellow box	Zone 2
Black box	Residential



Section 3

District Improvement and Activity Plan

Process to Establish the Improvement and Activity Plan/Outreach Efforts:

Since summer of 2012 business and property owners in Downtown San Leandro have met to discuss the advantages of creating this downtown special benefits district. An initial survey was sent to property owners in the proposed CBD area in August 2012 to ascertain their level of support for the establishment of this assessment district and obtain information regarding the type of enhanced services they were interested in receiving. The survey information was instrumental in determining the services to be delivered by the CBD.

Numerous public meetings have been held with the Downtown Association and newly created Downtown San Leandro CBD Steering Committee. Public meeting dates follow:

- July 27, 2012 – Downtown Association
- August 8, 2012 – Steering Committee
- September 13, 2012 – Steering Committee
- October 18, 2012 – Steering Committee
- November 19, 2013 – City Council meeting
- January 10, 2013 – Steering Committee
- January 24, 2013 – Steering Committee
- February 7, 2013 – Steering Committee
- February 28, 2013 – Steering Committee approved Management Plan
- April 4th, 2013 – Steering Committee meeting

In addition to these meetings, meetings were held between Marco Li Mandri of New City America, Cynthia Battenberg, Business Development Manager of the City of San Leandro and numerous property owners explaining the purpose, services and costs of the proposed CBD.

Explanation of Special Benefit Services:

All of the improvements and activities detailed below are provided only to properties defined as being within the boundaries of the Downtown San Leandro CBD, as the improvements and activities will provide special benefit to the owners of those properties. No improvements or activities will be provided to properties outside the Downtown CBD boundaries. All benefits derived from the assessments outlined in this Management District Plan fund services directly benefiting the property owners in this special benefit district. Inasmuch as all services will be provided to the properties defined as being within the District boundaries and no services will be provided outside the District boundaries.

The City will continue to provide services from the general fund to the Downtown which will include public safety, street tree trimming, street sweeping, trash collection of public refuse containers, etc. The frequency of these general benefits may change from year to year and time to time based upon budget constraints. However, City general benefits will not be

withdrawn from the Downtown CBD unless they are withdrawn by an equal amount City wide. The CBD funded special benefits will not replace City funded general benefits, but rather will provide special benefits to parcel owners over and above the general benefits provided by the City of San Leandro.

All services funded by the assessments outlined in the Management District Plan are intended to directly benefit the property, business owners and residents within this area to support increased commerce, business attraction and retention, retained and increased commercial property rentals, enhanced safety and cleanliness in the CBD, improved district identity, and eventually specialized beautification and enhanced programs for the condo residential unit parcels within the District.

The total improvement and activity plan budget for 2013-14, which is funded entirely by property assessments within the CBD boundaries, is projected to be \$359,053. The costs of providing each of the budget components was developed from actual experience obtained in providing these same services in similar districts throughout the State of California.

The Downtown San Leandro CBD Steering Committee has prioritized the following categories of special benefit services for the new District. The categories of special benefit services set forth the intent of the budget category, but also gives the District Management Corporation flexibility to allocate the services based upon the changing needs of the District from year-to-year within each budgeted category.

Improvements Activities and Services of the Downtown San Leandro CBD Plan:

There are five basic categories of special benefit services that will be funded within the Downtown San Leandro CBD. All of these services are designed to confer a special benefit to the individual parcels within the Downtown San Leandro CBD over and above the General Benefits already received. The categories of special benefits are as follows:

1. ***Sidewalk Operations, Beautification and Order:*** These services include all sidewalk and gutter cleaning services, security, sidewalk steam cleaning services, graffiti removal, trash removal, as well as enhanced services to beautify the district based upon Benefit Zone contributions. Sidewalk operations services total \$ 234,175 or 65% of the first year annual budget of the new CBD.
2. ***District Identity:*** These services include the branding of the Downtown San Leandro area, marketing and promotions, newsletter, public relations, media relations, social media, publicity, special events, website development and maintenance, public space develop and holiday decorations. These services equal \$ 50,000 or 14% of the first year annual budget of the new district.
3. ***Enhanced Residential Improvements:*** Though there are currently not any single residential units in the form of condos within the boundaries of the revised district, future condo developments that will be constructed within the CBD boundaries will be assessed to fund their particular special benefits. These special benefit services will include, but are not limited to: enhanced beautification in blocks with a high density of

condos, public space development, implementation of pet related services and administrative costs.

4. **Program Management and Corporate Operations:** These services equal \$60,750 or 17% of the first year annual budget of the new district.
5. **Contingency/Reserve.** This contingency anticipates a “historic” non-payment rate percentage of 2 to 4%, and any City or County collection fees. This fund equals \$14,128 or 4% of the first year annual budget of the new district.

Table 3 - A
First Year Downtown San Leandro CBD Special Benefit Service Budget

<u>Program or Service</u>	<u>% of Budget</u>	<u>Est. Cost of Benefit</u>
Sidewalk Operations, Beautification & Order	65%	\$ 234,175
District Identity & Streetscape Improvements	14%	\$ 50,000
Enhanced Residential Improvements	0%	\$ 0
Program Management, Corporate Operations	17%	\$ 60,750
Contingency	4%	\$ 14,128
Total First Year Budget	100%	\$ 359,053

The following categories of special benefit services shall only be provided to parcels within the District.

1 - Sidewalk Operations , Beautification, and Order (SOBO): \$ 234,175 65%

Examples of these special benefit services are allocated per benefit zone with Benefit Zone 1 parcels receiving a higher frequency of services relative to the Benefit Zone 2 parcels. All of these services will not replace or reduce current city services but will rather enhance services above their current general benefit level. Costs may include, but are not limited to:

- Private security services
- Regular sidewalk and gutter sweeping
- Special event management, security and clean up
- Respond to complaints of aggressive panhandling
- Timely graffiti removal, within 24 hours as necessary
- Tree and vegetation planting and maintenance
- Special events maintenance and security
- Quarterly sidewalk steam cleaning

Level of SOBO Special Service as determined by Benefit Zone:

	<u>Maintenance</u>	<u>Security</u>	<u>Steam Cleaning</u>
Benefit Zone 1	7 days/week	7 days/week	Quarterly
Benefit Zone 2	4 days/week	5 days/week	Three times/year

Assumptions on Level and Costs of SOBO Services Per Benefit Zone:

	<u>Maintenance *</u>	<u>Security **</u>	<u>Steam Cleaning</u>
Benefit Zone 1	\$1,400/wk; \$72,800/yr 70 hours/week	\$875/wk; \$45,500/yr 35 hours/week	\$20,00/yr
Benefit Zone 2	\$480/wk; \$24,960/yr 24 hours/week	\$625/wk; \$32,500/yr 25 hours/week	\$15,000/yr

Totals of Costs of SOBO Services Per Benefit Zone:

	<u>Subtotal Labor Costs</u>	<u>Supplies & Materials</u>	<u>Totals</u>
Benefit Zone 1	\$138,300	\$15,364	<u>\$153,664</u>
Benefit Zone 2	<u>\$ 72,460</u>	<u>\$ 8,051</u>	<u>\$ 80,511</u>
Total	\$210,760	\$23,417	\$234,175

*Assumes that each maintenance worker covers ¼ - 1 mile per day and an hourly maintenance costs of \$20.00 per hour which includes hourly rate, workers comp insurance, payroll taxes, benefits, etc.

**Assumes hourly security costs at \$25.00 per hour which includes above related costs;

Calculation of Costs for SOBO per Benefit Zone - ½ of the costs apportioned to linear frontage per zone, ½ of the costs apportioned to lot size per zone:

Benefit Zone 1:

\$76,833 divided by 18,671 linear feet = \$ 4.115098 per linear foot

\$76,833 divided by 1,567,763 lot square footage = \$ 0.049008 per lot square footage

Benefit Zone 2:

\$40,255 divided by 15,605 linear feet = \$ 2.57962 per linear foot

\$40,255 divided by 1,661,712 lot square footage = \$ 0.024225 per lot square footage

2 - District Identity/Visitor Attraction: \$ 50,000 14%

Examples of these special benefit services and costs include, but are not limited to:

- *Business attraction and expansion*
- *Web site development and updating*
- *Brochures*
- *Tourist related activities*
- *Marketing*
- *Advertising*
- *Special Events*
- *Logo development*
- *Signage*
- *Public relations*
- *In the future, possible transportation/shuttle service between various stops and BART*

	Benefit Zone 1	Benefit Zone 2
Special event underwriting	Yes	Where applicable
Public space development	Yes	Yes
Website creation and management	Yes	Yes
Social media	Yes	Yes
Public and media relations	Yes	Yes
Business attraction	Yes	Yes

3 - Enhanced Residential Improvements: \$ 0 0%

Future residential condos built within the boundaries of the CBD will be assessed separately due to their unique parcel status and special benefit needs in the district. Residential condos blocks will have the following special benefit services conferred on the frontage their parcels. These services in the future will include, but will not be limited to:

- *Installation, stocking and upkeep of pet waste distribution stations on the frontages adjacent to the high concentrations of residential condo individually assessed parcels;*
- *Enhancement and beautification of sidewalks on the frontages adjacent to the high concentrations of residential individually assessed parcels;*
- *Installation of hanging plants, and enhanced upkeep in the sidewalks surrounding these frontages adjacent to these residential condos;*
- *Other services requested by the residents that confer special benefit to the areas directly adjacent to the parcels with high concentrations of residential condos;*
- *Proportional share of the Administrative and Contingency costs to cover the oversight of the Enhanced beautification special benefit services.*

Future residential condo individually assessed parcels will be assessed as a separate category. These residential condo individually assessed parcels will be assessed *for their building square footage only at the rate of \$0.20 per square foot per year.*

4 - Program Management And Corporate Operations: \$ 60,750 17 %

Examples of these special benefit services and costs include, but are not limited to:

- *Staff and administrative costs*
- *Directors and Officers Insurance*
- *Office related expenses*
- *Rent*
- *Financial reporting and accounting*
- *Legal work*

	<i>Benefit Zone 1</i>	<i>Benefit Zone 2</i>
Staffing	Yes	Yes
Office related expenses	Yes	Yes
General Liability and Insurance	Yes	Yes
Accounting	Yes	Yes
Legal	Yes	Yes

5 - Contingency/Reserve: \$ 14,128.00 4%

Examples of these special benefit services and costs include, but are not limited to:

- Delinquencies
- Reserves
- City and county administration costs

	<i>Delinquencies</i>	<i>County costs</i>
Benefit Zone 1	Yes	Yes
Benefit Zone 2	Yes	Yes

Fifteen-Year Operating Budget:

A projected fifteen-year operating budget for the Downtown San Leandro CBD is provided below. The projections are based upon the following assumptions:

- Assessments will be subject to changes in the Alameda County Consumer Price Index (CPI), with annual increases not to exceed 3% per year.
- Increases will be determined by the District Management Corporation and in no case shall annual increases exceed 3% per year.

The budget for specific programs may be reallocated within the categories by up to 10% of each budget category. The Management Corporation Board may alter the budget based upon service needs and such changes shall be included in the Annual report and submitted to the

Table 3 – B
***Fifteen-Year Projection of Maximum Assessment for the
Downtown San Leandro CBD***

	FY 1	FY 2	FY 3	FY 4	FY 5	FY 6	FY 7	
Sidewalk Operations, Beautification	\$234,175.00	\$241,200.25	\$248,436.26	\$255,889.35	\$263,566.03	\$271,473.01	\$279,617.20	
District Identity	\$50,000.00	\$51,500.00	\$53,045.00	\$54,636.35	\$56,275.44	\$57,963.70	\$59,702.61	
Program Management	\$60,750.00	\$62,572.50	\$64,449.68	\$66,383.17	\$68,374.66	\$70,425.90	\$72,538.68	
Contingency	\$14,128.00	\$14,551.84	\$14,988.40	\$15,438.05	\$15,901.19	\$16,378.22	\$16,869.57	
Total	\$359,053.00	\$369,824.59	\$380,919.33	\$392,346.91	\$404,117.31	\$416,240.83	\$428,728.06	
	FY 8	FY 9	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
Sidewalk Operations, Beautification	\$288,005.71	\$296,645.88	\$305,545.26	\$314,711.62	\$324,152.97	\$333,877.56	\$343,893.88	\$354,210.70
District Identity	\$61,493.69	\$63,338.50	\$65,238.66	\$67,195.82	\$69,211.69	\$71,288.04	\$73,426.69	\$75,629.49
Program Management	\$74,714.84	\$76,956.28	\$79,264.97	\$81,642.92	\$84,092.21	\$86,614.97	\$89,213.42	\$91,889.83
Contingency	\$17,375.66	\$17,896.93	\$18,433.84	\$18,986.85	\$19,556.46	\$20,143.15	\$20,747.44	\$21,369.87
Total	\$441,589.90	\$454,837.60	\$468,482.73	\$482,537.21	\$497,013.32	\$511,923.72	\$527,281.44	\$543,099.88

Notes:

- Assumes a 3% yearly increase on all budget items.
- Any accrued interest or delinquent payments will be expended in the above categories.

Section 4

Assessment Methodology

The Downtown San Leandro CBD is a property-based benefit assessment district being established pursuant to the San Leandro Community Benefit District Ordinance Title 2, Chapter 2 - 20, ("the Ordinance") adopted unanimously by the San Leandro City Council on November 19, 2012. Due to the special benefit assessment nature of assessments levied within a CBD, program costs are to be distributed amongst all identified specially benefiting properties based on the proportional amount of special program benefit each property is expected to derive from the assessments collected. The Ordinance refers to the concept of relative "benefit" received from CBD funded programs and activities versus amount of assessment paid. Only those properties expected to derive special benefits from CBD funded programs and activities may be assessed and only in an amount proportional to the relative special benefits expected to be received.

The method used to determine special benefits derived by each identified property within a CBD begins with the selection of a suitable and tangible basic benefit unit. For property related services, such as those proposed in the Downtown San Leandro CBD, the benefit unit may be measured in terms of in linear feet of primary street frontage or parcel size in square feet or building size in square feet or number of building floors or proximity to major corridors in average linear feet, or any combination of these factors.

Based on the factors described above such as geography and nature of programs and activities proposed, an assessment formula is developed which is derived from a singular or composite basic benefit unit factor or factors. Within the assessment formula, different factors may be assigned different "weights" or percentage of values based on their relationship to programs/services to be funded.

Next, all program and activity costs, including incidental costs, District administration and other program costs, and benefit zones are estimated. There are two benefit zones in the proposed Downtown San Leandro CBD. Proposition 218 requires that indirect or general benefits not be incorporated into the assessment formula and levied on the District properties in property based assessment Districts; only direct or "special" benefits and costs may be considered. Indirect or general benefit costs, if any, must be identified and, if quantifiable, calculated and factored out of the assessment cost basis to produce a "net" cost figure.

In addition, tax exempt, non-profit and other public or government owned properties are not exempt from being assessed and if special benefit is determined to be conferred upon government owned properties, then those properties must be assessed in proportion to the special benefits conferred in a manner similar to privately owned property assessments.

Based on the foregoing, the value of a basic benefit unit or “basic net unit cost” can be computed by dividing the total amount of estimated net program costs by the total number of benefit units. Then the amount of assessment for each parcel can be computed by multiplying the Net Unit Cost times the number of Basic Benefit Units per parcel. This is known as “spreading the assessment” or the “assessment spread” in that all costs are allocated proportionally or “spread” amongst all properties within the CBD.

The method and basis of spreading program costs varies from one CBD to another based on local geographic conditions, types of programs and activities proposed, and size and development complexity of the District. For example, CBDs may require other benefit zones to be identified to allow for a tiered assessment formula for variable or “stepped-down” benefits derived.

Here, program costs spreading variables include benefit zones, linear frontage, lot or parcel size and building square footage, and residential condo parcels.

Assessment District Revenue Generation in Fiscal Year 2013-14 from each property variable:

Linear Frontage (Both Zones):	\$116,364	32%
Building Square Footage:	\$49,919	14%
Lot Size:	\$192,770	54%
Total:	\$359,053	100%

Annual assessment per property variable and Benefit Zone:

Linear frontage costs:	Benefit Zone 1 \$ 4.115098 per linear foot/year Benefit Zone 2 \$ 2.57962 per linear foot/year
Building Square footage costs:	\$0.045985 per square foot/year
Lot Size costs:	Benefit Zone 1 \$0.0725835 per square foot/year Benefit Zone 2 \$0.0478005 per square foot/year
Future Residential Condo costs:	\$0.20 per square foot of parcel unit square footage

Table 4-A
Special Benefit Services, Funding Source, Costs and Percentage of Annual Budget

<i>Service</i>	<i>Funded by Benefit Zone 1</i>	<i>Funded by Benefit Zone 2</i>
Sidewalk Operations	50% of costs funded by all linear frontage assessments in zone	50% of costs funded by all linear frontage assessments in zone
	50% of costs funded by lot size assessments in zone	50% of costs funded by lot size assessments in zone
District Identity	Funded by building square footage assessments spread throughout the district equally	Funded by building square footage assessments spread throughout the district equally
Enhanced Residential Improvements (future)	Funded by building square footage of residential condos	Funded by building square footage of residential condos
Admin/Corp Operations	Funded by lot size assessments spread throughout the district equally	Funded by lot size assessments spread throughout the district equally
Contingency	Funded by lot size assessments spread throughout the district equally	Funded by lot size assessments spread throughout the district equally

Table 4-B
Accumulated Cost Assessment for Benefit Zones 1 and 2:

<i>Property Variable</i>	<i>Sub-category</i>	<i>Benefit Zone 1</i>	<i>Benefit Zone 2</i>
Linear Frontage		\$ 4.1150980	\$ 2.5796200
Lot Size square footage (Accumulated costs based upon services)	Lot/Sidewalk Operations	\$ 0.0490080	\$ 0.0242250
	Lot/Admin	\$ 0.0188110	\$ 0.0188110
	Lot/Contingency	\$ 0.0047645	\$ 0.0047645
	Total Lot Costs	\$ 0.0725835	\$ 0.0478005
Bldg square footage		\$ 0.0459850	\$ 0.0459850
Future Residential Condo Building square foot		\$0.20 square foot	\$0.020 square foot

Table 4-C
Final First Year CBD Budget – both Benefit Zones:

<i>CBD Service</i>	<i>Budgeted Amount</i>	<i>% of Budget</i>
Sidewalk Operations	\$ 234,175.00	65%
District Identity, Streetscape Improvements	\$ 50,000.00	14%
Admin Corporate operations	\$ 60,750.00	17%
Contingency	\$ 14,128.00	4%
<i>Total First Year Budget</i>	<i>\$ 359,053.00</i>	<i>100%</i>

Linear Frontage Defined:

Individual parcels will be assessed for all sides that receive benefit from the Sidewalk Operations portion of the budget. Linear frontage is assessed differently in each Benefit Zone based upon the anticipated frequency of sidewalk operations services that will be required for each benefitting parcel. Linear frontage costs will fund half of the costs of Sidewalk Operations services in each respective Benefit Zone.

Linear front footage data was obtained from the County Assessor’s parcel maps and reviewed by staff at New City America, and finally verified by the City of San Leandro.

Building Square Footage Defined:

Building square footage is defined as gross building square footage throughout the CBD. The percentage of building square footage that is dedicated to private or internal tenant parking needs has been deducted from the gross building square footage. Only parking structures that are open to the public and charge fees to the general public on a regular basis will have their building square footage assessed as any other commercial building. Apartment buildings within the boundaries of the CBD, regardless of Benefit Zone, will be assessed as a commercial building. Building square footage data was obtained from the County Assessor’s property records and reviewed by staff at New City America.

The building square footage will fund the costs of all “District Identity and Streetscape Improvement” special benefits funded from the CBD.

Lot Square Footage Defined:

Lot square footage is defined as the total amount of area within the borders of the parcel. Lot size square footage will fund: 1) half of the Sidewalk Operation services within each Benefit Zone, based upon the gross lot size within that respective zone; 2) program and corporate operations services costs which will be equally apportioned among all of the lot size within the entire district; 3) Contingency cost which will be equally apportioned among all of the lot size

within the entire district. The lot square footage of a parcel is defined on the County Assessor's parcel maps and was confirmed by New City America staff and City of San Leandro.

Commercial Condominium Parcels Defined:

Ground floor commercial condominiums will be treated like independent "mini" commercial buildings and assessed based on their divided building area, the footprint of land they cover, and the amount of direct street frontage towards the exterior of the building. Ground floor commercial condominiums will pay 100% of the special benefits for the assessment based upon the benefit zone rates.

Future Residential Condo Unit Parcels Defined:

Future residential condo units building square footage is defined as the livable building square footage within the walls of the condo residential unit parcel. They are included in a special zone to designate their unique special benefits relative to the other commercial parcels within the Downtown San Leandro CBD. Unlike the other commercial parcels in the district, including commercially operated apartment buildings, residential condo parcels are assessed for building square footage only, and are not assessed for linear frontage and lot square footage.

Future ground floor commercial condos or office condos would be assessed just as other commercial properties, based upon their location in a benefit zone.

Future residential condo individually assessed parcels are assessed as a separate category. These future residential condo individual parcels will be assessed *for their building square footage only at the rate of \$0.20 per square foot per year*, commencing the first year of the new District. The rationale for assessing future residential condos only for the building square footage rate is provided below.

Future residential condo individually assessed parcels are assessed differently than multi-unit, for-rent apartment buildings, due to the frequency of special benefit services required by each parcel as described below. The multi-unit apartment buildings are commercial properties in which the tenant and landlord have an economic relationship as opposed to residential condo buildings where individual property owners own separate air space parcels on a single lot. Future residential apartment buildings can be bought or sold just as like commercial buildings whereas residential condo individual units are separately owned and must be individually bought and sold.

Distinctions between residential apartment buildings with tenants and residential condominium building with individual parcel owners are as follows:

1. *The Davis Sterling Act establishes rules and regulations for residential condo owners based upon "separate interests" (i.e. ownership rights), as opposed to renters who only have a possessory interest.*
2. *Generally, residential condo unit owners demonstrate greater care for their property and concerns about quality of life issues due to their investment in real estate.*

3. *Residential owners and have the right to vote in a Proposition 218 hearing, tenants do not have that right.*
4. *Residential condo owners are required to contribute to a legally established Homeowners Associations to oversee building maintenance, tenants are no.;*

The assessment methodology has been written to confer special benefits to future residential condo individual assessed parcels since future residential condo owners have unique investment backed expectations about the care and maintenance of the building and its surroundings compared to the interest of residential tenants who have a possessory not an ownership interest. The future residential condos' special assessment methodology ensures that a fund will be established to maintain high levels of special benefit services that apply directly and proportional to the blocks that demand virtually seven days per week, 365 days per year special benefits.

As redevelopment of various parcels occurs within the boundaries of the CBD in the next 15 years, building square footage may be removed, and then added onto that parcel through the process of redevelopment. The Management Corporation operating the CBD will ensure that the removal or addition of building square footage is reported to the city and county annually through their annual report on any changes to the assessment district. The parcel costs will be lowered, or rise accordingly, based upon the activity within that parcel – from year to year.

In future years, the assessments for the special benefits bestowed upon the included CBD parcels may change in accordance with the assessment methodology formula listed in this Management District Plan and Engineer's Report provided the assessment rate does not change. If the assessment formula changes, then a Proposition 218 ballot will be required for approval of the formula changes.

Exemptions:

No benefitting parcels, regardless of taxable or tax-exempt property tax status, will be exempt from the assessments funding the special benefit services of the Downtown San Leandro CBD. Special benefit services will not be provided to any parcels outside of the boundaries of the district. Publicly owned property will be assessed the same as privately owned parcels based upon their location within Benefit Zone 1 or 2. Single family residential land uses within the boundaries of the CBD are included in the district, however will not be assessed until such time that the single family land uses are converted to multi-family or commercial/retail uses.

Calculation of Assessments:

The proportionate special benefit derived by each identified parcel shall be determined in a relationship to the entirety of the improvement or the maintenance and operation expenses of an improvement or for the cost of property service being provided. Per California Constitutional Amendment Article XIII D, Section 2(i), "Special Benefit", means a particular and distinct benefit over and above general benefits conferred on a real property located in the district or to the public at large.

No assessment will be imposed on any parcel that exceeds the reasonable cost of the proportional special benefits conferred upon that parcel. Only special benefits are assessable and these benefits must be separated from any general benefits. A general benefit is defined as a benefit to properties in the surrounding community or a benefit to the public in general resulting from improvement, activity or service to be provided by the assessment levied. For example, CBD property owners will derive benefit from sidewalk cleaning and security services, however the general public will also benefit from the delivery of these special benefit services.

The special benefits funded by this new Downtown San Leandro CBD will be over and above existing City of San Leandro baseline service levels in the commercially zoned parcels and will serve to increase tenancies, increase commerce, increase economic viability and fund a system of cleanliness and beautification over and above current service levels.

All benefits derived from the assessment outlined in the Management District Plan fund only services directly and specifically benefiting the property owners in the CBD. These special benefits will include maintenance and security, increased commerce and all the other goals and objectives of the Downtown San Leandro CBD's purpose.

Properties are assessed as defined on the County Assessor's most current parcel maps.

The preceding methodology is applied to the database of parcels within the District. The process for compiling the property database includes the following steps:

- A report was submitted to the City Manager's office using the data obtained from the Alameda County Tax Assessors office.
- A list of properties to be included within the Downtown San Leandro CBD is provided in Section 7.

The basis of funding shall be through special benefit assessments levied on real property throughout the District. The rates of assessment vary by the proportionate amount of special benefit received by each parcel. A detailed explanation of the special benefit assessment rationale is made in the attached Engineer's Report.

The Calculation of Assessment for each parcel in the Downtown San Leandro CBD is as follows:

Parcel Assessment – Benefit Zone 1

The annual assessment method for all parcels and ground floor commercial condominiums is:

$$\begin{aligned} & \text{Total Street Frontage X } \$ 4.115098 \text{ per linear foot} \\ & \quad + \\ & \text{Total Lot Square Footage X } \$0.0725835 \text{ per square foot} \\ & \quad + \\ & \text{Total Building Square footage X } \$0.045985 \text{ per square foot} \\ & \quad = \\ & \text{TOTAL PARCEL ASSESSMENT} \end{aligned}$$

Parcel Assessment – Benefit Zone 2

The annual assessment method for all parcels and ground floor commercial condominiums is:

$$\begin{aligned} & \text{Total Street Frontage X } \$ 2.57962 \text{ per linear foot} \\ & \quad + \\ & \text{Total Lot Square Footage X } \$0.0478005 \text{ per square foot} \\ & \quad + \\ & \text{Total Building Square footage X } \$0.045985 \text{ per square foot} \\ & \quad = \\ & \text{TOTAL PARCEL ASSESSMENT} \end{aligned}$$

Future Residential Condo Parcel Assessment:

The annual assessment method for a future residential condo parcel, regardless of Benefit Zone will be:

$$\begin{aligned} & \text{Total Future Residential Unit Building Square footage X } \$0.20 \text{ per Square Foot} \\ & \quad = \\ & \text{TOTAL RESIDENTIAL CONDO UNIT ASSESSMENT} \end{aligned}$$

Table 4 – D
Database for Downtown San Leandro CBD:
Assessable property variables in Benefit Zone 1

<i>Linear Frontage Total</i>	<i>Lot Square Footage Total</i>	<i>Building Square Footage Total</i>	<i>Condo Residents Unit Parcels, Building Square Footage to be assessed</i>
18,495 linear feet	1,561,513 sq. ft.	790,080 sq. ft.	0 sq. feet

Table 4 – E
Database for Downtown San Leandro CBD:
Assessable property variables in Benefit Zone 2

Linear Frontage Total	Lot Square Footage Total	Building Square Footage Total	Condo Residents Unit Parcels, Building Square Footage to be assessed
15,605 linear feet	1,661,712 sq. ft	295,461 sq. ft	0 sq. ft

Maximum Assessment:

Assessments will be subject to changes in the Alameda County Consumer Price Index (CPI), for all urban consumers, annual increases not to exceed 3% per year. Increases will be determined by the CBD District Management Corporation and will vary between 0% and 3% in any given year. The maximum the assessments can be increased is 3% over the previous fiscal year’s base assessments. Not implementing the increase for one year does not give the District Management Corporation the authority to accumulate increases above 3% within any given fiscal year. The following projections illustrate a potential 3% annual increase.

Table 4 – F
Benefit Zone 1 and 2 Maximum Assessments by Property Variable

Projected Assessment	FY1	FY2	FY3	FY4	FY5
Linear Frontage Z1	\$ 4.115098	\$ 4.23855	\$ 4.36571	\$ 4.49668	\$ 4.63158
Linear Frontage Z2	\$ 2.57962	\$ 2.65701	\$ 2.73672	\$ 2.81882	\$ 2.90339
Building Sq. Ft. Z1& 2	\$ 0.0459850	\$ 0.0473646	\$ 0.0487855	\$ 0.0502491	\$ 0.0517565
Lot Square Footage Z1	\$ 0.0725835	\$ 0.0747610	\$ 0.0770038	\$ 0.0793140	\$ 0.0816934
Lot Square Footage Z2	\$ 0.0478005	\$ 0.0492345	\$ 0.0507116	\$ 0.0522329	\$ 0.0537999
Condo Bldg SF Z1& 2	\$ 0.2000000	\$ 0.2060000	\$ 0.2121800	\$ 0.2185454	\$ 0.2251018

Projected Assessment	FY6	FY7	FY8	FY9	FY10
Linear Frontage Z1	\$ 4.86316	\$ 5.00905	\$ 5.15932	\$ 5.31410	\$ 5.47353
Linear Frontage Z2	\$ 3.04855	\$ 3.14001	\$ 3.23421	\$ 3.33124	\$ 3.43117
Building Sq. Ft. Z1& 2	\$ 0.0543443	\$ 0.0559747	\$ 0.0576539	\$ 0.0593835	\$ 0.0611650
Lot Square Footage Z1	\$ 0.0857780	\$ 0.0883514	\$ 0.0910019	\$ 0.0937320	\$ 0.0965439
Lot Square Footage Z2	\$ 0.0564899	\$ 0.0581846	\$ 0.0599301	\$ 0.0617280	\$ 0.0635799
Condo Bldg SF Z1& 2	\$ 0.2363569	\$ 0.2434476	\$ 0.2507510	\$ 0.2582735	\$ 0.2660217

Projected Assessment	FY11	FY12	FY13	FY14	FY15
Linear Frontage Z1	\$ 5.74720	\$ 5.91962	\$ 6.09721	\$ 6.28012	\$ 6.46853
Linear Frontage Z2	\$ 3.60273	\$ 3.71082	\$ 3.82214	\$ 3.93680	\$ 4.05491
Building Sq. Ft. Z1& 2	\$ 0.0642233	\$ 0.0661500	\$ 0.0681345	\$ 0.0701785	\$ 0.0722839
Lot Square Footage Z1	\$ 0.1013711	\$ 0.1044123	\$ 0.1075446	\$ 0.1107710	\$ 0.1140941
Lot Square Footage Z2	\$ 0.0667588	\$ 0.0687616	\$ 0.0708245	\$ 0.0729492	\$ 0.0751377
Condos Bldg SF Z1& 2	\$ 0.2793228	\$ 0.2877025	\$ 0.2963336	\$ 0.3052236	\$ 0.3143803

Budget Adjustments:

Annual budget surpluses, if any, will be rolled into the following year’s budget. Assessments will be set annually, within the constraints of the CPI or land use changes. Revenues from the delinquent accounts may be expended in the year they are received. If the District is not renewed, any remaining funds will be returned to property owners in the proportion by what each property owner paid.

If after the initial term the District decides to renew and if there is money left over from the previous term, the balance of remaining funds will be rolled over into the renewed district. These “rolled over” funds may only be used within the boundaries of the renewed district and cannot be expended for activities, services, or improvements in an area expanded beyond the original District. However, the rolled over funds may be used to finish District Management Corporation activities in the original district.

Time and Manner for Collecting Assessments:

The Downtown San Leandro CBD assessments will appear as a separate line item on annual property tax bills prepared by the County of Alameda. The assessments shall be collected at the same time and in the same manner as for the ad valorem property tax paid to the County of Alameda. These assessments shall provide for the same lien priority and penalties for delinquent payment as is provided for the ad valorem property tax.

Any delinquent assessments owed for the first year will be added to the property tax roll for the following year together with any applicable interest and penalties. The “property owner” means any person shown as the owner/taxpayer on the last equalized assessment roll or otherwise known to be the owner/taxpayer by the City.

Disestablishment:

California State Law, Section 36670 provides for the disestablishment of a District. Provisions for annual disestablishment of the CBD are provided for in the local CBD ordinance through Section 36600 of the California Streets and Highway Code. Property owners dissatisfied with the results, management or quality of the services may petition the City Council to disestablish the CBD, in the same method in which they petitioned the City Council to establish the District. Section 36670 states:

“2) During the operation of the district, there shall be a 30-day period each year in which assessees may request disestablishment of the district. The first such period shall begin one year after the date of establishment of the district and shall continue for 30 days. The next such 30-day period shall begin two years after the date of the establishment of the district. Each successive year of operation of the district shall have such a 30-day period. Upon the written petition of the owners of real property or of businesses in the area who pay 50 percent or more of the assessments levied, the city council shall pass a resolution of intention to disestablish the district. The city council shall notice a hearing on disestablishment.

(b) The city council shall adopt a resolution of intention to disestablish the district prior to the public hearing required by this section. The resolution shall state the reason for the disestablishment, shall state the time and place of the public hearing, and shall contain a proposal to dispose of any assets acquired with the revenues of the assessments levied within the property and business improvement district. The notice of the hearing on disestablishment required by this section shall be given by mail to the property owner of each parcel or to the owner of each business subject to assessment in the district, as appropriate. The city shall conduct the public hearing not less than 30 days after mailing the notice to the property or business owners. The public hearing shall be held not more than 60 days after the adoption of the resolution of intention.”

Upon the termination of the previous District, any remaining revenues shall be transferred to the renewed District, if one is established, pursuant to Streets and Highways Code Section 36660(b). Unexpended surplus funds will be returned to property owners based upon each parcels percentage contribution to the previous fiscal year’s assessments if the District is not renewed.

Government Assessments:

The Downtown San Leandro CBD Management Plan assumes that the City of San Leandro, the Successor Agency and other government entities will pay assessments for the public property within the boundaries of the District. Article XIII D, Section 4 of the California Constitution was added in November of 1996 to provide for these payments.

Parcels owned by the City of San Leandro, controlled by the Successor Agency, the State of California, the San Leandro City Unified School District, BART and the County of Alameda shall receive benefits, commensurate with the assessments paid into the Downtown San Leandro CBD. The publicly owned parcels are presumed to benefit equally to the privately owned parcels for the special benefits provided.

Future Development:

As a result of continued development, the District may experience the addition or subtraction of assessable commercial or residential building footage for parcels included and assessed within the District boundaries. The modification of parcel improvement assessed within the District may then change upwards or downwards the amount of total building square footage assessment for these parcels.

In the future years, the assessments for the special benefits bestowed upon the included CBD parcels may change in accordance with the assessment methodology formula listed in the Management District Plan and Engineer’s Report provided the assessment rate does not change. If the assessment formula changes, then a Proposition 218 ballot will be required to approve the formula changes.

Table 4 - G
Government Owned Parcels in the Downtown San Leandro CBD

Legal Owner	APN	Site Street Number	Site Street	Benefit Zone	Annual Assessment	Percent
City Of San Leandro	075 0001 001 01		E 14th St	1	\$2,471.56	0.69%
City Of San Leandro	075 0001 004 00	1199	E 14th St	1	\$856.37	0.24%
City Of San Leandro	075 0001 005 00	212	Davis St	1	\$456.65	0.13%
City Of San Leandro	075 0001 006 00	222	Davis St	1	\$383.95	0.11%
City Of San Leandro	075 0001 009 02	262	Davis St	1	\$918.34	0.26%
City Of San Leandro	075 0001 008 02	250	Davis St	1	\$934.92	0.26%
City Of San Leandro	075 0001 010 02	290	Davis St	1	\$1,303.47	0.36%
City Of San Leandro	075 0016 015 01	384	W Estudillo Ave	2	\$3,520.09	0.98%
City Of San Leandro	075 0162 004 00		Arroyo Ave	1	\$2,877.82	0.80%
City Of San Leandro	077 0447 007 01		Hyde St	1	\$4,722.60	1.32%
City Of San Leandro	077 0545 009 00		Washington Ave	1	\$923.31	0.26%
City Of San Leandro	077 0545 010 00		Washington Ave	1	\$397.64	0.11%
City Of San Leandro	077 0545 063 00	1350	Washington Ave	1	\$672.85	0.19%
City Of San Leandro	077 0551 001 00		Callan Ave	2	\$10,061.62	2.80%
City Of San Leandro	077 0551 014 00	143	Callan St	1	\$513.81	0.14%
City Of San Leandro	077 0551 015 00		E 14th St.	1	\$1,650.54	0.46%
City Of San Leandro	077 0551 034 00	1366	E 14th St	1	\$3,617.54	1.01%
City Of San Leandro	077 0551 035 00	179	Estudillo Ave	1	\$438.02	0.12%
City Of San Leandro	077 0551 064 00	122	Estudillo Ave	1	\$4,974.50	1.39%
				Total	\$41,695.59	11.61%
SF Bay Area Rapid Transit Dist	075 0036 048 07		W Estudillo Ave	2	\$5,034.89	1.40%
SF Bay Area Rapid Transit Dist	075 0039 007 05		San Leandro Blvd	2	\$7,269.86	2.02%
SF Bay Area Rapid Transit Dist	075 0039 029 10		San Leandro Blvd	2	\$18,148.46	5.05%
				Total	\$30,453.21	8.48%
State Of California	075 0036 053 00		Davis St	2	\$982.15	0.27%
State Of California	075 0036 054 00		Davis St	2	\$82.17	0.02%
State Of California	075 0036 055 00		Davis St	2	\$1,276.80	0.36%
				Total	\$2,341.12	0.65%
Successor Agency	075 0005 011 01	1595	Washington Ave	1	\$1,661.75	0.46%
Successor Agency	075 0005 012 00	268	Parrott St	1	\$801.54	0.22%
Successor Agency	075 0226 006 00		W Juana Ave	1	\$212.06	0.06%
Successor Agency	075 0226 010 00		Washington Ave	1	\$20,162.89	5.62%
Successor Agency	077 0540 009 00	1550	E 14 th St	1	\$8,967.65	2.50%
Successor Agency	077 0545 015 00	135	W Joaquin Ave	1	\$272.89	0.08%
Successor Agency	077 0545 018 00	835	E 14th St	1	\$611.71	0.17%
Successor Agency	077 0545 024 01	1490	Washington Ave	1	\$2,147.95	0.60%
Successor Agency	077 0545 025 00	1446	Washington Ave	1	\$1,476.38	0.41%
Successor Agency	077 0545 026 02		Washington Ave	1	\$193.28	0.05%
				Total	\$36,508.11	10.17%

Section 5 District Rules and Regulations and Governance

There are no specific rules and regulations prescribed for the proposed Downtown San Leandro Community Benefit District Management Corporation except that it will adhere to the open meeting provisions of the Ralph M. Brown Act and will seek to be as open and transparent to the CBD assesses and the public at large as is reasonably possible.

Pursuant to the City of San Leandro Community Benefit District Ordinance and Section 36600 of the California Streets and Highway Code, a District Management Corporation or Owners' Association, will review District budgets and policies annually within the limitations of the Management District Plan. The Management Corporation will file Annual Reports with the City of San Leandro and will oversee the day-to-day implementation of services as defined in the Management District Plan. Section 36614.5 states:

"The "Owners' association" means a private nonprofit entity that is under contract with a city to administer or implement activities and improvements specified in the management district plan. An owners' association may be an existing nonprofit entity or a newly formed nonprofit entity. An owners' association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose."

Bonds:

The District will not issue any bonds related to any program.

Section 6 Implementation Timetable

The Downtown San Leandro CBD is expected to be established and begin assessing benefiting parcels as of July 1, 2013. Due to the timing of revenue collection and need to establish the owners' association or District Management Corporation, implementation of the Management District Plan is scheduled to occur on January 1, 2014. Consistent with the local enabling ordinance, the Downtown San Leandro CBD will have a fifteen-year term through June 30, 2028 with operations winding down by December 31, 2028.

Section 7

Assessment Roll of Properties Included

075 0001 001 01	\$2,471.56	075 0019 001 01	\$5,772.34
075 0001 002 02	\$1,530.64	075 0019 001 02	\$1,613.06
075 0001 003 00	\$1,919.00	075 0036 010 07	\$1,638.44
075 0001 004 00	\$856.37	075 0036 042 04	\$1,005.06
075 0001 005 00	\$456.65	075 0036 043 00	\$0.00
075 0001 006 00	\$383.95	075 0036 044 00	\$584.74
075 0001 007 02	\$1,009.91	075 0036 045 00	\$577.61
075 0001 008 02	\$934.92	075 0036 046 01	\$1,199.99
075 0001 009 02	\$918.34	075 0036 047 04	\$3,483.60
075 0001 010 02	\$1,303.47	075 0036 048 07	\$5,034.89
075 0005 001 01	\$1,160.26	075 0036 053 00	\$982.15
075 0005 002 01	\$0.00	075 0036 054 00	\$82.17
075 0005 003 00	\$0.00	075 0036 055 00	\$1,276.80
075 0005 004 00	\$0.00	075 0036 059 00	\$1,309.60
075 0005 005 00	\$1,188.83	075 0036 060 00	\$731.31
075 0005 006 00	\$640.72	075 0036 061 00	\$7,563.30
075 0005 007 00	\$826.93	075 0039 006 06	\$6,317.59
075 0005 008 00	\$757.38	075 0039 007 05	\$7,269.86
075 0005 009 00	\$0.00	075 0039 014 02	\$0.00
075 0005 011 01	\$1,661.75	075 0039 014 04	\$721.28
075 0005 012 00	\$801.54	075 0039 015 00	\$0.00
075 0005 013 02	\$553.90	075 0039 016 00	\$530.56
075 0005 013 03	\$1,330.23	075 0039 023 00	\$474.04
075 0005 014 00	\$0.00	075 0039 024 02	\$735.57
075 0006 002 00	\$641.97	075 0039 025 02	\$329.74
075 0006 003 00	\$2,003.97	075 0039 026 02	\$587.57
075 0006 004 00	\$487.48	075 0039 029 10	\$18,148.46
075 0006 005 01	\$0.00	075 0047 002 00	\$3,312.30
075 0006 006 01	\$1,540.70	075 0047 007 00	\$9,670.87
075 0006 011 00	\$0.00	075 0050 003 01	\$10,234.87
075 0006 012 00	\$1,079.71	075 0162 004 00	\$2,877.82
075 0006 013 00	\$0.00	075 0226 003 00	\$2,256.52
075 0014 005 03	\$1,352.58	075 0226 004 00	\$3,009.07
075 0014 006 00	\$1,225.19	075 0226 005 01	\$6,239.19
075 0014 007 01	\$0.00	075 0226 005 02	\$1,650.78
075 0014 015 01	\$2,652.67	075 0226 005 03	\$718.58
075 0014 017 00	\$1,219.89	075 0226 006 00	\$212.06
075 0014 018 00	\$1,904.65	075 0226 008 00	\$2,368.28
075 0016 001 00	\$877.30	075 0226 009 00	\$1,105.20
075 0016 005 02	\$2,960.05	075 0226 010 00	\$20,162.89
075 0016 006 00	\$928.86	077 0447 007 01	\$4,722.60
075 0016 007 03	\$2,496.84	077 0447 014 06	\$3,416.91
075 0016 008 00	\$5,007.82	077 0447 014 07	\$1,237.30
075 0016 009 00	\$1,173.23	077 0447 015 06	\$2,435.74
075 0016 010 01	\$2,788.67	077 0528 041 00	\$828.10
075 0016 013 00	\$1,460.83	077 0528 042 00	\$1,093.87
075 0016 015 01	\$3,520.09	077 0528 043 00	\$945.54
075 0018 003 02	\$427.73	077 0528 044 01	\$687.53
075 0018 004 00	\$711.00	077 0528 045 00	\$777.09

077 0528 046 05	\$1,679.52	077 0549 001 00	\$784.73
077 0528 047 01	\$1,095.23	077 0549 002 00	\$455.55
077 0529 029 00	\$643.98	077 0549 003 00	\$0.00
077 0529 033 01	\$2,319.54	077 0549 004 00	\$0.00
077 0529 034 00	\$507.55	077 0549 006 04	\$1,704.10
077 0529 035 02	\$986.60	077 0549 007 00	\$0.00
077 0530 025 01	\$2,407.18	077 0549 034 00	\$611.65
077 0540 008 00	\$1,445.91	077 0550 001 03	\$1,926.78
077 0540 009 00	\$8,967.65	077 0551 001 00	\$10,061.62
077 0540 012 01	\$3,525.88	077 0551 005 00	\$3,336.20
077 0545 007 00	\$1,156.13	077 0551 006 00	\$5,061.06
077 0545 008 00	\$2,011.24	077 0551 007 00	\$1,331.43
077 0545 009 00	\$923.31	077 0551 012 03	\$1,149.92
077 0545 010 00	\$397.64	077 0551 014 00	\$513.81
077 0545 013 04	\$1,347.07	077 0551 015 00	\$1,650.54
077 0545 014 00	\$471.82	077 0551 029 00	\$729.75
077 0545 015 00	\$272.89	077 0551 030 00	\$1,231.61
077 0545 016 00	\$1,110.79	077 0551 031 00	\$713.01
077 0545 017 00	\$1,154.49	077 0551 032 00	\$685.43
077 0545 018 00	\$611.71	077 0551 034 00	\$3,617.54
077 0545 019 00	\$1,407.08	077 0551 035 00	\$438.02
077 0545 020 00	\$314.98	077 0551 036 00	\$1,852.38
077 0545 021 00	\$447.30	077 0551 037 00	\$553.27
077 0545 022 01	\$2,150.20	077 0551 038 00	\$1,153.21
077 0545 024 01	\$2,147.95	077 0551 039 00	\$562.51
077 0545 025 00	\$1,476.38	077 0551 041 01	\$1,525.27
077 0545 026 02	\$193.28	077 0551 042 00	\$2,722.74
077 0545 027 02	\$1,013.70	077 0551 045 00	\$1,484.83
077 0545 028 00	\$309.70	077 0551 046 00	\$1,807.38
077 0545 029 00	\$760.95	077 0551 047 00	\$927.89
077 0545 030 00	\$1,636.17	077 0551 048 00	\$865.14
077 0545 031 00	\$1,152.23	077 0551 049 00	\$804.86
077 0545 032 01	\$8,377.60	077 0551 050 00	\$0.00
077 0545 033 00	\$702.94	077 0551 051 00	\$722.40
077 0545 034 00	\$1,467.66	077 0551 052 00	\$2,657.96
077 0545 038 01	\$2,465.82	077 0551 053 00	\$4,953.80
077 0545 039 00	\$1,172.62	077 0551 064 00	\$4,974.50
077 0545 040 01	\$4,858.13	077 0551 065 03	\$4,157.29
077 0545 041 00	\$178.34	077 0551 066 00	\$3,139.77
077 0545 043 03	\$2,007.44	077 0551 067 00	\$408.89
077 0545 044 01	\$2,305.72	077 0551 068 00	\$166.11
077 0545 045 00	\$806.01	077 0551 069 00	\$127.66
077 0545 046 00	\$795.27	077 0551 070 00	\$158.29
077 0545 047 00	\$1,810.13	077 0551 071 00	\$322.09
077 0545 048 00	\$342.19	077 0551 072 00	\$127.66
077 0545 054 00	\$894.07	077 0551 073 00	\$189.93
077 0545 055 02	\$777.29	077 0551 074 00	\$181.74
077 0545 060 00	\$1,698.64	077 0551 075 00	\$237.11
077 0545 061 00	\$1,706.79	077 0551 076 00	\$111.11
077 0545 062 00	\$1,716.90	077 0551 077 00	<u>\$251.64</u>
077 0545 063 00	\$672.85	Total	\$359,053.05

**EXHIBIT B – CITY OF SAN LEANDRO BUSINESS IMPROVEMENT MANAGEMENT
DISTRICT ORDINANCE (SAN LEANDRO MUNICIPAL CODE CHAPTER ORDINANCE
TITLE 2, CHAPTER 2-20 OF THE SAN LEANDRO MUNICIPAL CODE)**

IN THE CITY COUNCIL OF THE CITY OF SAN LEANDRO

RESOLUTION NO. 2013-102

RESOLUTION FORMING THE DOWNTOWN SAN LEANDRO
COMMUNITY BENEFIT DISTRICT

WHEREAS, Title 2, Chapter 2-20 of the San Leandro Municipal Code authorized the City to establish a Community Benefit District ("CBD") in the City based on the Property and Business Improvement Law of 1994 (California Streets and Highway Code sections 36600 et seq) which sets forth the regulations for establishing a property-based benefit assessment district; and

WHEREAS, the Downtown San Leandro Community Benefit District Steering Committee requested the City Council establish such a community benefit area in Downtown San Leandro; and

WHEREAS, on May 20, 2013 the City Council adopted a Resolution of Intention (Resolution No. 2013-067) to establish the Downtown CBD as a result of the Steering Committee having received petitions representing over 30% of the weighted assessment within the proposed boundaries of the District and further directed staff to proceed to the balloting process necessary to determine whether the requisite 50% of the weighted ballots of property owners within the proposed CBD support its establishment; and

WHEREAS, the City Council conducted a duly noticed (in The Daily Review) public hearing on July 15, 2013 on the formation of the Downtown San Leandro CBD at which it heard testimony and considered any protests against the CBD's formation; and

WHEREAS, the City Council received ballots up to the close of the public hearing and thereafter directed the City Clerk to unseal and tally the ballots in the designated location open to the public as required by law; and

WHEREAS, the City Council directed the City Clerk to remove two addresses (1132 Carpentier Street and 400 Davis Street) from the proposed District, tally the ballots and report the ballot count for this amended CBD to the City Council; and

WHEREAS, the City Clerk completed tallying the ballots and reported to the City Council that the ballot count in the support of the CBD and amended CBD represented more than 50% of the weighted assessment; and

WHEREAS, based on the weighted majority support for the establishment of the Downtown CBD, the City Council desires to form the proposed amended CBD.

NOW, THEREFORE, the City Council of the City of San Leandro does RESOLVE as follows:

1. Pursuant to Title 2, Chapter 2-20 of the San Leandro Municipal Code and the California Streets and Highways Code sections 36600 et seq, the City Council of the City of San Leandro hereby approves the formation of the Downtown San Leandro Community Benefit District (the "CBD").
2. The boundaries of the CBD are set forth in the Downtown San Leandro Community Benefit District 2013 Management District Plan (the "Management Plan") which is attached hereto as Exhibit "A".
3. The improvements and activities proposed for the CBD shall be funded by the levy of assessments on the properties within the CBD boundaries.
4. The description of the proposed improvements and activities of the CBD are set forth in the Management Plan and include, but are not limited to, the following special benefits:
 - a. Enhanced security, maintenance and beautification;
 - b. Promotion of CBD identity through District identity services and marketing;
 - c. Promotion of special enhanced residential services, including beautification and public space development for blocks with high density residential developments; and
 - d. Management of programs and operations.
5. The City Council authorizes the levy of assessments on properties located within the Downtown CBD boundaries, in the amounts as shown in the District Assessment Engineer's Report attached hereto as Exhibit "B".
6. Except where funds are otherwise available, an assessment to pay for all specified improvements and activities within the Downtown CBD will be levied annually.
7. After the Downtown CBD is formed, new property owners shall not be exempt from the CBD assessment, but shall be assessed the appropriate amount in the prorated format based upon the number of whole months remaining in the assessment period.
8. The properties in the Downtown CBD established by this CBD shall be subject to any amendments of the Streets and Highways Code pertaining to the creation of property and business improvement districts.
9. The levy and assessment that will fund improvements and activities within the CBD will not be used to provide improvements or activities outside of the CBD or for any other purpose other than the purposes specified in this Resolution of Formation and the attachments hereto, as modified by the City Council at the public hearing concerning establishment of the CBD.

10. The City council hereby finds that the property within the CBD area will be specially benefitted by the improvements and activities funded by the assessment proposed to be levied.
11. The adoption of this Resolution of Formation and recordation of the notice and map pursuant to Streets and Highways Code Section 36627 shall constitute the levy of an assessment in each of the fiscal years referred to in the Downtown San Leandro Community Benefit District 2013 Management District Plan.

Introduced by Councilmember Cutter and passed and adopted this 15th day of July, 2013, by the following vote:

Members of the Council:

AYES: Councilmembers Cutter, Gregory, Lee, Prola, Reed, Souza; Mayor Cassidy (7)

NOES: None (0)

ABSENT: None (0)

ATTEST: Marian Handa
Marian Handa, City Clerk

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