



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

**Final Plan – April 6<sup>th</sup>, 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:  
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and  
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## **CBD 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.

### **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 4<sup>th</sup>, 2013 – Steering Committee launches the petition drive

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 \$384,680. 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.

**Boundaries:**

The boundaries shall include approximately 30 whole or partial blocks with 290 parcels. See Downtown San Leandro Proposed Special Benefit District Zones map in Section 2, pages 8 and 9. 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. 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.

**Budget:**

The total first year Downtown San Leandro CBD budget based upon assessable individual parcel owners for FY 13/14, will be \$ 384,680. Please see Section 3 for a breakdown of the categories of special benefit services and their allocation of services by Benefit Zone.

**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.

**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 61% 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 13% of the first year annual budget of the new district.
3. ***Enhanced Residential Improvements:*** These services 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. These services equal \$ 24,368 or 6% of the first year annual budget.
4. ***Program Management and Corporate Operations:*** These services equal \$60,750 or 16% 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 \$15,387 or 4% of the first year annual budget of the new district.

**Downtown San Leandro CBD FY 2013-14 Budget**

<b>Program or Service</b>	<b>% of Budget</b>	<b>Estimated Cost of Benefit</b>
Sidewalk Operations, Beautification and Order	61%	\$ 234,175 <i>(Benefit Zone 1 = \$ 153,666)</i> <i>(Benefit Zone 2 = \$ 80,511)</i>
District Identity and Streetscape Improvements	13%	\$ 50,000
Enhanced Residential Improvements	6%	\$ 24,368
Program Management, Corporate Operations	16%	\$ 60,750
Contingency	<u>4%</u>	<u>\$ 15,387</u>
<b>Total First Year Budget</b>	<b>100%</b>	<b>\$ 384,680</b>

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
- Residential condos that front 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:** 1,087,295 sq. feet

**Gross Lot Size:** 3,229,475 sq. feet

**Gross Linear Frontage:** 34,276 linear feet  
(Benefit Zone 1 = 18,671 linear feet)  
(Benefit Zone 2 = 15,605 linear feet)

**Residential Condos:** 121,844 assessable building square footage.  
Currently there is only one residential condo development within the Downtown San Leandro CBD boundaries total. These and 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.

***Special Benefit Services, Funding Source, Costs and Percentage of Annual Budget***

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

**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>
<b>Linear Frontage</b>		<b>\$ 4.1150980</b>	<b>\$ 2.5796200</b>
<b>Lot Size square footage</b> (Accumulated costs based upon services)	Lot/Sidewalk Operations	\$ 0.0490080	\$ 0.0242250
	Lot/Admin	\$ 0.0188110	\$ 0.0188110
	Lot/Contingency	\$ 0.0047645	\$ 0.0047645
	<b>Total Lot Costs</b>	<b>\$ 0.0725835</b>	<b>\$ 0.0478005</b>
<b>Bldg square footage</b>		<b>\$ 0.0459850</b>	<b>\$ 0.0459850</b>
<b>Residential Condo Building square foot</b>		<b>\$0.20 square foot</b>	<b>\$0.020 square foot</b>

**Annual 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. The residential condo owners are assessed differently since they are, in essence, acquiring air rights with the condos and linear frontage and lot size is not 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:

<b>Linear Frontage costs:</b>	Benefit Zone 1 \$4.115098 per linear foot/year Benefit Zone 2 \$2.579620 per linear foot/year
<b>Building Square Footage costs:</b>	\$0.045985 per square foot/year
<b>Lot Size costs:</b>	Benefit Zone 1 \$0.0725835 per square foot/year Benefit Zone 2 \$0.0478005 per square foot/year
<b>Residential Condo costs:</b>	\$0.20 per square foot of parcel unit square footage

**Assessment District Revenue Generation from each property variable:**

Linear Frontage (Both Zones):	\$ 117,088
Building Square Footage:	\$ 50,000
Lot Size:	\$ 193,224
Residential Condos	<u>\$ 24,368</u>
<b>Total:</b>	<b>\$ 384,680</b>

**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.

**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 \$115,405 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. We anticipate that this process will be completed by the end of July 2013.

**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.

**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.

**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."*

**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 assesses 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.

