



Legislation Details (With Text)

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**Title:** Update on Downtown San Leandro Community Benefit District Initiative Including Review of the District Management Plan and Recommendation that the City Council Approve a Motion Authorizing the City Manager to Sign a Petition to Establish the Downtown San Leandro Community Benefit District (the intent of the City signing the petition is to support the CBD and facilitate the process of moving to the balloting phase of the district establishment)  
**Sponsors:** Cynthia Battenberg  
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Update on Downtown San Leandro Community Benefit District Initiative Including Review of the District Management Plan and Recommendation that the City Council Approve a Motion Authorizing the City Manager to Sign a Petition to Establish the Downtown San Leandro Community Benefit District

**SUMMARY AND RECOMMENDATIONS**

City staff and New City America have been working with the Downtown Association and a Downtown San Leandro Community Benefit District (CBD) Property Owner Steering Committee since July of 2012 to determine the type of services and level of support for a CBD. Based on the multitude of benefits to be realized by property and business owners as well as residents, staff recommends that the City Council make a motion authorizing the City Manager to sign a petition to establish the Downtown CBD. The City owns significant property within the CBD and, like other property owners in the District, will pay an assessment based on the benefits received. Signing the petition will expedite the process and enable the 30% threshold of required signatures to be met in a timely fashion. Once the petition threshold is reached, a resolution of intent will be brought to the City Council for adoption. Following adoption of the resolution of intent, ballots are scheduled to be mailed to all property owners and due to be returned to the City by 7pm on July 15, 2013 for a public hearing.

**BACKGROUND**

The City of San Leandro, through the former Redevelopment Agency, made significant capital investments downtown and funded on-going services above and beyond basic City services. These enhanced services included marketing and event support, maintenance, security, and financial

assistance to businesses for façade improvements. The loss of redevelopment has impacted the City's ability to continue to fund enhanced services downtown. In July 2012, the City retained New City America, Inc. to assist property and business owners in the establishment of a benefit district to fund enhanced services.

New City America distributed a survey to all downtown property owners to determine their conceptual support for a benefit district and worked with a Property Owner Steering Committee to determine if there was sufficient support to move forward with the process. At an October 18, 2012 Steering Committee meeting, the committee recommended the City proceed with this initiative and develop a Management Plan for a new Downtown Community Benefit District (CBD). In November 2012 this recommendation, along with a CBD enabling ordinance which allows for the creation of a Downtown CBD, was brought to the City Council for approval.

Since November, New City America has been working with the Steering Committee and Downtown Association on the creation of a Management Plan which outlines the levels of service to be provided, the cost of the various services and a methodology to assess the costs to the benefiting parcels. New City America and City staff also worked closely with the property owners on the district boundaries to ensure that delivery of services and benefits made sense for their properties. On February 28, 2013, the Steering Committee unanimously supported the Downtown San Leandro Community Benefit District 2013 Management District Plan that is before the City Council tonight and attached for your information. The services to be provided by benefit zone follow.

## **Downtown San Leandro CBD Services**

### Sidewalk Operations, Beautification and Order

#### Benefit Zone 1

Sidewalk and gutter sweeping - 7 days per week

Security - 5 days per week

Quarterly steam cleaning of sidewalks

#### Benefit Zone 2

Sidewalk and gutter sweeping - 4 days per week

Security - 5 days per week

Thrice yearly steam cleaning of sidewalks

### District Identity and Streetscape Improvements

#### Benefit Zone 1

Special event underwriting, public space development, website creation and management, social media, public and media relations, business attraction

#### Benefit Zone 2

Special event underwriting (when applicable), public space development, website creation and management, social media, public and media relations, business attraction

### Administration and Corporate Operations

#### Benefit Zones 1 and 2

Staffing, office related expenses, General liability and other insurance, accounting, and legal

### Contingency

#### Benefit Zones 1 and 2

Delinquencies and County costs

Residential Condos Enhanced Benefits

Benefit Zones 1 and 2

Enhanced beautification in direct vicinity of condos, pet related sidewalk operation needs, public spaces near condo blocks

A map of the boundaries of the Downtown CBD is included in Section 2 of the Management Plan which also identifies the properties in benefit zones 1 and 2. State law requires that special assessments be levied according to the benefit each parcel receives. As the assessments are reflective of benefits received, all properties in the CBD are required to participate in the CBD and no properties outside of the CBD shall receive services. There are no exemptions to the assessment.

The Management Plan includes information regarding the methodology used to allocate the cost of the various services by linear frontage, lot size or building square footage and the reasoning behind this recommended methodology. Estimates of the cost to provide the desired services were used to determine the amount to be assessed. The assessment methodology is currently under review by an Assessment Engineer to ensure that it reflects the benefit of the services to be received.

Annual assessment for **Benefit Zone 1** properties is the sum of the following:

- \$4.115098 per linear foot of street frontage
- \$0.0725835 per square foot of lot size
- \$0.045985 per square foot of building size

Annual assessment for **Benefit Zone 2** properties is the sum of the following:

- \$2.57962 per linear foot of street frontage
- \$0.0478005 per square foot of lot size
- \$0.045985 per square foot of building size

Annual assessment for a **Residential Condo**, regardless of benefit zone, is:

- \$0.20 per square foot of residential unit building size

Based on the Alameda County Tax Assessors property information, the above assessments are projected to generate \$384,680 in revenue in FY 2013-14. The Management Plan identifies how revenue will be allocated to the various services by percentage. These percentage allocations and the FY 2013-14 budget dollars by service category are summarized below.

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

Sidewalk Operations, Beautification and Order	61%	\$234,175
District Identify, Streetscape Improvements	13%	50,000
Administration and Corporate Operations	16%	60,750
Residential Condo Enhanced Services	6%	24,368
Contingency	4%	15,387
Total	100%	\$384,680

Assessments will be subject to changes in the Consumer Price Index for all urban consumers in the San Francisco - Oakland - San Jose area, not to exceed 5% per year. Increases will be determined by the CBD Management Corporation and will vary between 0% and 5% annually.

## **Timeline**

April 2, 2013	Initiate petition drive
May 6, 2013	Submit 30% threshold of weighted petitions to City Manager to trigger mail balloting procedure
May 20, 2013	City Council to adopt Resolution of Intent and authorize City Manager to sign ballots for City-owned property
May 21, 2013	Ballots mailed to property owners
July 15, 2013	City Council Public Hearing, ballots counted
Early August 2013	Assessments forwarded to Alameda County Auditor/Controller
July - Dec 2013	Formation of the CBD Management Corporation
December 2013	Revenue (50%) distributed to City and forwarded to the new CBD Management Corporation

## **Benefits**

CBD's are becoming an increasingly important tool for business districts and they are being adopted nationwide, with many districts located in the Bay Area. In addition to CBDs allowing business districts to effectively compete with regional shopping centers which provide similar services to their tenants, CBDs:

- Are a unifying mechanism for all stakeholders in a district to voluntarily work towards a common goal - that of a vibrant business district.
- Support businesses through recruitment, retention and promotion of the area.
- Fund clean-up programs, enhanced landscaping and decorations, increased safety and security as well as public space development and management. Activation of the downtown plazas is particularly relevant to Downtown San Leandro.
- Effectively market and promote an area and organize events.

The services included in the Downtown San Leandro CBD Management District Plan will provide valuable services to Downtown San Leandro above and beyond what the City's General Fund can currently afford. The enhanced security and maintenance as well as the marketing and activation of downtown is in the best interests of businesses, property owners and the community. The businesses will benefit from increased commerce and improved identity, property owners will benefit from increased property values and lease revenues, and the community will benefit from a cleaner, more attractive and vibrant downtown.

## **Fiscal Analysis**

The City and Successor Agency are significant property owners in Downtown San Leandro. Based on the City's property ownership, the City would pay approximately \$41,190 annually, or 10.7% of the assessment based on the recommended assessment methodology. Successor Agency parcels represent another 7.2%, or \$27,540 of the assessment, which would be paid by the Successor Agency. When the Successor Agency assets are sold or transferred the responsibility for payment of the assessment would be transferred to the new property owner.

The City would continue to provide basic City services such as street cleaning, tree trimming, graffiti removal and general public safety. CBD funds are not intended or allowed to cover basic City services.

When redevelopment funding was eliminated in 2012, \$130,000 in funding for two part-time positions and maintenance services were cut from the budget. \$45,000 in funding for maintenance, sidewalk steam cleaning and support for Downtown Association events remained in the budget on an interim basis to continue services while the downtown stakeholders went through the CBD process. Staff recommends that the \$41,000 contribution to the CBD replace the \$45,000 budgeted for these limited services.

The City's draft FY 2013-14 budget includes \$61,000 in General Fund expenditures for the following additional downtown services, which are recommended for continuation:

Farmers' Market	\$9,000
Plaza Common Area Maintenance Charges (1)	\$37,000
Holiday Lights	<u>\$15,000</u>
	<u>\$61,000</u>

- (1) Contractual agreement between Regency, Safeway and City for maintenance of the Regency Shopping Center

Enhanced police services in the form of one bicycle officer will continue to be provided to the downtown because it is a contractual obligation of the former Redevelopment Agency and funding is a recognized obligation of the Successor Agency.

### **Conclusion**

Based on the multitude of benefits to be realized by property and business owners as well as residents, staff recommends that the City Council authorize the City Manager to sign the petition to establish a Downtown San Leandro CBD. Signing the petition will expedite the process and enable the 30% threshold of required signatures to be met in a timely fashion. Time is of the essence in order to meet the deadline for placement of the assessment on the Fiscal Year 2013-14 property tax bills.

Once the petition threshold is reached, a Resolution of Intent (ROI) will be brought to the City Council for adoption. This is tentatively scheduled to occur on May 20, 2013. Concurrent with the ROI, the City will be asked to pass a motion authorizing the City Manager to sign the ballots for City-owned property in support of the Community Benefit District. Following adoption of the ROI, ballots will be mailed to all property owners and due to be returned to the City by 7pm on July 15, 2013 for a public hearing. Should 50% plus one of the ballots be cast in favor of the CBD, the City Council will establish the CBD and authorize placement of the assessment on the Fiscal Year 2013-14 tax roll.

### **Previous Actions**

- On November 19, 2012 the City Council adopted an Ordinance Allowing for the Establishment of Community Benefit Districts in the City of San Leandro
- On July 2, 2012 the City entered into a Consultant Services Agreement with New City America, Inc. for assistance in establishing a Downtown San Leandro Community Benefit District

### **Summary of Public Outreach Efforts**

- July 27, 2012 Downtown Association meeting

- August 8, September 13, October 18, 2012 and January 10 and 24, and February 7 and 28, 2013 Steering Committee meetings.

**Legal Analysis**

The report and Management District Plan have been reviewed and approved as to form by the City Attorney's Office.

**ATTACHMENTS**

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

**PREPARED BY:** Cynthia Battenberg, Community Development Director