

CONSENT CALENDAR April 29, 2014

To: Honorable Mayor and Members of the City Council

From: Christine Daniel, City Manager

Submitted by: Michael J. Caplan, Economic Development Manager

Subject: Assessment: Telegraph Property and Business Improvement District

## RECOMMENDATION

Adopt a Resolution:

- Approving the Annual Report for the Telegraph Property and Business Improvement District (hereafter "TBID" or "the District") for FY 2014 (Exhibit A) and proposed budget for 2015 (Exhibit B);
- 2. Declaring an intention to levy annual assessments in the District for FY 2015; and
- 3. Setting a public hearing on the levy of assessments for June 10, 2014.

### FISCAL IMPACTS OF RECOMMENDATION

Proposed special assessment revenue for the TBID is approximately \$240,889 for FY 2015. By State law, these funds must be spent for purposes specified in the Management Plan approved by Telegraph commercial property owners and ratified by the City Council when it renewed the TBID for a ten-year period on June 17, 2008 (Resolution No. 64,102-N.S.) Annual assessment funds are deposited in the Telegraph Business Improvement District Fund (477-3302-312-1001) and expended from 477-8703-465-3038.

As a property owner within the District through the Telegraph-Channing garage, the City itself pays an assessment to the TBID. With the proposed 2% increase recommended by the Board of Directors of the operating company for the TBID, the Telegraph Property and Business Management Corporation, the assessment would be \$40,037 for 2015. This is billed directly to the City and paid through the Off-Street Parking Fund (835-4942-410.40-46).

The Management Plan constitutes the Scope of Services for Contract No. 7813 between the City and the Telegraph Property and Business Management Corporation. The Plan and Scope of Services require that revenues be spent for sidewalk cleaning, other maintenance activities, and promotion of the business district. State legislation requires that BID assessment revenues be spent for special services that supplement and enhance existing City services in the district and cannot be used to pay for these City services themselves. The City benefits indirectly through greater tax revenue from a cleaner, more prosperous business district.

## **CURRENT SITUATION AND ITS EFFECTS**

State legislation that authorizes formation of property-based BIDs (*California Streets and Highways Code*, Sections 36600 et. seq.) requires that the BID governing body submit an Annual Report on operations and a budget proposal to the City Council each year. The City Council may approve them with a Resolution to reauthorize the annual assessments. Accordingly, the President of the Telegraph Property and Management Corporation, with the assistance of its Executive-Director, Roland Peterson, prepared the attached report on operations of the TBID for FY 2014, proposed services and activities in 2015 and the proposed budget to finance them.

At its meeting of April 8, 2014, the Board of Directors of the Management Corporation voted to recommend to the City Council a two percent increase in the assessment to cover increased costs, as is authorized by the Management Plan for the TBID, but within the same boundaries and with the same assessment formula as already established. The Board approved the Annual Report for 2014 and the proposed budget for 2015 and recommended that they also be approved by the City Council (MSC Moskowitz/Gordon- Ayes: Becker, Moskowitz, Gordon- Noes: Sklar)

### **BACKGROUND**

On June 17, 2008, the Berkeley City Council renewed the TBID for a ten-year period that ends on June 30, 2018. The Council had initially established the TBID for the five-year period July 1998-June 30, 2003, and then renewed it for a second five-year period July 15, 2003-June 30, 2008. The TBID finances special cleaning, maintenance and marketing activities that benefit commercial property and businesses in the Telegraph commercial district. As noted above, a non-profit corporation, the Telegraph Property and Business Management Corporation, administers these services.

### **ENVIRONMENTAL SUSTAINABILITY**

By cleaning, maintaining and enhancing the commercial area, the TBID creates shopping opportunities for residents and visitors alike while encouraging alternative forms of transportation. The District encompasses the commercial area immediately to the south of the U.C. Berkeley campus which is served by several AC transit lines and is within walking distance of the Downtown Berkeley BART Station. Because the District is well served by public transportation and accessible by bike corridors, these services indirectly support environmental sustainability goals of encouraging alternative transportation choices.

## RATIONALE FOR RECOMMENDATION

In developing the proposed budget for 2015, the Board of Directors of the Management Corporation considered alternatives for expenditure of funds, though within the framework of services authorized by the Management Plan that was approved by property owners and the City Council in reauthorizing the TBID. In addition, the Board was limited by an existing contract with Block-by-Block through the Downtown Berkeley for public area maintenance. Discussions focused on the balance of emphasis between the core service of sidewalk cleaning and maintenance and the other main service, promotion of the business district. The budget, including the proposed two percent cost-of-living increase, reflects adjustments intended to free some revenues for

promotion, particularly a new website and the "Sundays on Telegraph" festivals, with street closures, from July until mid-September.

# **CONTACT PERSON**

Dave Fogarty, Economic Development Project Coordinator, 981-7534

### Attachments:

1: Resolution

Exhibit A: Annual Report of the Telegraph Property and Business Improvement

District for FY 2014

Exhibit B: Draft Budget for Fiscal Year 2015

### RESOLUTION NO. ##,###-N.S.

ANNUAL ASSESSMENT REPORT FOR THE TELEGRAPH PROPERTY AND BUSINESS IMPROVEMENT DISTRICT FOR FY 2014 AND PROPOSED BUDGET FOR 2015; INTENT TO LEVY SPECIAL ASSESSMENTS IN THE TELEGRAPH PROPERTY AND BUSINESS IMPROVEMENT DISTRICT FOR FY 2015; AND SETTING A PUBLIC HEARING ON THE LEVY OF ASSESSMENTS FOR JUNE 10, 2014

WHEREAS, the Property and Business Improvement District Law of 1994 as amended (California Streets and Highways Code Section 36600 et.seq.) authorizes cities, with the consent of property owners, to fund property-related improvements, maintenance and activities through the levy of assessments upon the real property that benefits from the improvements, maintenance and activities; and

WHEREAS, after ten years of successful operation, the City Council re-established the Telegraph Property and Business Improvement District (hereafter, "the District") by Resolution No. 64,102-N.S. on June 17, 2008; and

WHEREAS, the City Council has now received the *Annual Report of the Telegraph Property and Business Improvement District for FY 2014* (hereafter "the *Annual Report*" and attached as Exhibit A) from the Telegraph Property and Business Management Corporation, the governing body for the District, that describes the operations of the District in FY 2014, recommends services for FY 2015 and proposes a budget for 2015 (attached as Exhibit B).

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that pursuant to provisions of Section 36600 et. seq. of the California Streets and Highways Code, the City Council approves the *Annual Report* (Exhibit A) and proposed budget for FY 2015 (Exhibit B) attached hereto, and declares its intent to levy special assessments on property within the boundaries of the District for FY 2015.

BE IT FURTHER RESOVLED that the boundaries of the District and the method and basis for the assessment remain the same as those set forth and approved in the *Telegraph Property and Business Improvement District Management and Service Plan* (the "*Plan*"), which was made part of Resolution No. 64,102-N.S., re-establishing the District.

BE IT FURTHER RESOVLED that the improvements and activities to be provided are those described in the *Plan* and the *Annual Report*.

BE IT FURTHER RESOLVED that the cost of providing the improvements and activities is as described in the budget (Exhibit B) that accompanies the *Annual Report*.

BE IT FURTHER RESOLVED that to finance these improvements and activities, the Annual Report and Budget includes a two percent (2%) cost-of-living increase as allowed by the Management Plan.

BE IT FURTHER RESOLVED that the contributions made from sources other than assessments levied in the District are those described in the budget that accompanies the *Annual Report*.

BE IT FURTHER RESOLVED that the *Annual Report* and supporting material, including the *Telegraph Property and Business Improvement District Management and Service Plan* and the *Telegraph Property and Business Improvement District Engineer's Report,* are on file with the City Clerk. A public hearing on the levying of assessments within the District for FY 2015 shall be held before the City Council on the 10th day of June 2014, in the Council Chambers, 2134 Martin Luther King Jr. Way, Berkeley, California. Council meetings begin at 7 pm. At this hearing, the Council will hear all interested persons for or against the levying of assessments for the purposes described in the *Annual Report*. A protest may be made orally or in writing by any interested person. Written protests shall be filed with the City Clerk at or before the time fixed for the public hearing. Each written protest shall contain a description of the business or property in which the person subscribing the protest is interested sufficient to identify the business or property. Following conclusion of the public hearing, the City Council may confirm the *Annual Report* and levy assessments for FY 2015.

#### Exhibits:

- A. Annual Report for the Telegraph Property and Business Improvement District for FY 2014.
- B. Draft Budget for Fiscal Year 2015.

## ANNUAL REPORT OF THE TELEGRAPH BUSINESS IMPROVEMENT DISTRICT

For fiscal year 2013-14

By Telegraph Property and Business Management Corporation

The Telegraph Business Improvement District, a property-based business improvement district, was renewed for a ten-year period by an affirmative vote of the property owners of the Telegraph commercial district by mail-in ballots during the spring 2008. This vote was affirmed without protest by the City Council on June 17, 2008. This report is for the fiscal year ending June 30, 2014 of this ten-year period.

In accordance with Section 36650(b) of the Streets and Highway Code for the State of California, the Telegraph Property and Business Management Corporation (TPBMC) affirms the following:

- 1. The TPBMC proposes no changes in boundaries for the next fiscal year.
- 2. The TPBMC will continue with the same services as has been outlined in the Management District Plan of May 23, 2008. These include street and sidewalk cleaning and beautification, marketing and promotions, decorations, and maintenance of a district office.
- 3. The draft budget submitted to the TPBMC Board of Directors calls for expenditures in the FY 2014-15 to be \$396,870. These expenditures include funds contributed by the city of Berkeley for the host/ambassador program.
- 4. The TPBMC Board of Directors reviewed a draft budget for FY 2014-15 at its April 8, 2014 meeting. It decided on a 2.0% increase in assessments. Other levels of increases were considered.
- 5. The budget approved by the TPBMC Board of Directors envisions a balance carry forward of funds that are not dedicated to be approximately \$160,000, which would include tax assessment revenues received in June 2014. The draft budget envisions a small surplus for FY 2014-15 of \$41.
- 6. In addition to assessments levied on real property, including the city-owned Telegraph Channing Garage, income will be derived from the following sources: (1) an annual contribution from the University of California in the amount of \$66,755 (2) a modest amount of interest earned on bank deposits and (3) funds from the city for assisting in contracting with the Downtown Berkeley Association to hire Block by Block for cleaning/ambassador services.

The Telegraph Business Improvement District has steadily maintained a cleaning service on behalf of the district without interruption. The Management District Plan calls for a full-time cleaning staff of four, and for much of the fiscal year staffing was at three full-time. Beginning March 14, 2014, in conjunction with both the Downtown Berkeley Association (DBA) and Block by Block (BBB), staffing for cleaning services has exceeded the equivalent of four full-time persons.

Marketing and beautification have continued in the following ways:

- Partnering with the Downtown Berkeley Association and Block by Block for an intensive cleaning of the district and painting of the public fixtures.
- Hosted Sundays on Telegraph through Summer 2013, in conjunction with the City of Berkeley and the Mayor's office.
- Hiring of performers for the days of the Holiday Street Fair.
- Planning, assisting, and sponsoring the 2013 World Music Festival and preparations for three days of same in 2014.

• Installation and seasonal rotation of pole banners and holiday light fixtures.

The Telegraph Business Improvement District acted as the fiscal agent for the city's Host/Ambassador program. This program eventually was folded into the DBA/BBB combined program, but for the majority of the fiscal year, it continued as it had for the prior four years.

The Telegraph Business Improvement District acted as a sponsor and active participant in the second Telegraph charrette organized by the Berkeley Design Advocates (BDA). This event was held on Friday and Saturday, September 27-28, 2013, and as of this writing, a second report that focuses on two intersections within the district is anticipated. The scrutinized intersections are Bancroft-Telegraph and Dwight-Telegraph. The hope is that some of the concepts developed in the charrette can spur new development and improvements for the district. Similarly, the TBID advocated for the raising of the zoning FAR (floor area ratios) of the district to make new development more attractive.

The Telegraph Business Improvement District has also supported enthusiastically the continued effort for new decorative lighting in the district. During this fiscal year, the city replaced the street lights with whiter and brighter LED lights, and the decorative lighting has been intended to supplement the city's improvements.

The TBID continues to partner with a number of entities throughout the city, and these include the Berkeley Chamber of Commerce, the Berkeley Business District Network, Buy Local Berkeley, Berkeley Design Advocates, and the Downtown Berkeley Association. The TBID remains an active partner in the weekly Telegraph team meetings with the Berkeley Police Department, UCPD, Berkeley Mental Health, and the University. Additionally, the TBID maintains its membership in the statewide organization, California Downtown Association.

For the future, the TBID plans to initiate the following:

- 1. Launch a new, more current web site that incorporates linkages of the web site with social media
- 2. Complete the BDA charrette report #2 and attempt to use the concepts in it for future improvements.
- 3. Co-sponsor with the City Sundays on Telegraph, beginning July 13, 2014. This is to build on the successes of Sundays on Telegraph 2013 that brought many new people and families to Telegraph.
- 4. Co-sponsor three days of the World Music Festival-- June 22 and September 20-21, 2014.
- 5. Develop and enhance TBID's social media presence.

	APPROVED BUDGET FY 2013-14	BUDGET FY 2014-15 2.0	00%
RESOURCES:			
BALANCE FORWARD			
Prior fiscal Year			
CURRENT REVENUE			
Tax Assessments	236166		
City Garage Assessment	39252		037
UC Contribution	65446		755
Interest	50		50
Host contract/BBB contract			139
SUBTOTAL-CURRENT REVENUE	340914	396	870
TOTAL RESOURCES			
ANNUAL EXPENSES:			
ADMINISTRATIVE			
Salary/PTO-BID Director	67000		000
Health-Dental-Life Insurance- ED	12000		500
Payroll Txes-ED	6700		800
Rent & Parking-Office	20000		000
Utilities	1100		100
Repair & Maintenance	500		500
Telephone	4000		000
Postage	150		150
Printing/Newsletter	350		250
Office Supplies	1100		000
Office Equipment	500		500
Bookkeeping/Accounting	3500		500
Insurance- D & O	1900		900
Insurance-Workers Comp-ED	900		900
Insurance- General liability	1900		900
Fees/Dues	1000		000
Travel/Conferences	1200		200
Meetings	850		850
Miscellaneous-Petty Cash	100		100
SUBTOTAL-ADMINISTRATIVE	124750	126	150
MAINTENANCE			
Block by Block/DBA contract			379
Maintenance Supervisor	C		0
Maintenance Payroll	110000	37	000
Health-Dental-Life Insurance- staff	35000		500
FICA/Medicare- Employer share- staff	11000	) 3	700
Insurance- Workers compensation- staff	18000		400
Uniforms	2000	) 3	000
Cleaning Supplies	4000	) 1	000
Mileage	400	)	350
Steam cleaning Utilities	1500	)	500
Repairs & Maintenance	500	)	500
Rent-Storage	C	)	0
Other/Miscellaneous	250	)	350
SUBTOTAL- MAINTENANCE	182650	216	679

SPECIAL PROJECTS:	APPROVED BUDGET FY 2013-14	BUDGET FY 2014-15 2.00%
ADVERTISING/MARKETING/LEGAL		
Brochure Production/Distribution	0	0
Vacancy Marketing	1000	ū
Online marketing	5000	
Print Advertising	0	
Web advertising	0	_
Holiday Advertising	0	-
Holiday Lights	4000	•
Banner Install/Remove	7000	
Banner Production	000	
Other Advertising	9250	ū
SUBTOTAL-ADVERTISING/MARKETIN		
EVENTS	20200	2,000
Caltopia	0	2500
Last Sunday Festivals	0	
World Music Festival:	7500	7500
Holiday Street Faire	1000	1000
Off the Grid music	0	
Sundays on Telegraph	9000	9000
Cal Day	0	
Zellerbach Event Marketing	0	0
Cal Athletics Marketing	0	-
Other Events	1500	1500
SUBTOTAL-EVENTS	19000	21500
CAPITAL IMPROVEMENTS		
Other capital projects	7500	5000
Façade Grant Program	0	0
SUBTOTAL-CAPITAL IMPROVEMENTS	S 5000	5000
TOTAL SPECIAL PROJECTS	50250	54000
TOTAL EXPENSES	357650	396829
NET CURRENT REVENUE	-16736	41