



Office of the City Manager

CONSENT CALENDAR

April 29, 2014

To: Honorable Mayor and Members of the City Council
 From:  Christine Daniel, City Manager
 Submitted by: Michael Caplan, Manager, Office of Economic Development
 Subject: Assessment: Downtown Property and Business Improvement District

RECOMMENDATION

Adopt a Resolution:

1. Approving the Annual Report for the Downtown Property and Business Improvement District (DPBID) for Fiscal Year 2014 and proposed budget for 2015;
2. Declaring an intention to levy annual assessments in the District for Fiscal Year 2015; and
3. Setting a public hearing on the levy of assessments for June 10, 2014.

FISCAL IMPACTS OF RECOMMENDATION

The proposed special assessment revenue for the Downtown Property and Business Improvement District (hereafter "DPBID" or "the District") is approximately \$1.24 million for FY 2015. By State law, these funds must be spent according to the Management Plan approved by Downtown commercial property owners and ratified by the City Council on June 28, 2011 (Resolution No. 65,370-N.S.) when it established the DPBID.

Alameda County will invoice property owners for approximately \$1 million of the assessments through the property tax billing system. The remaining approximately \$205,000 will be collected directly by the Downtown Berkeley Association from property owners not subject to property taxes. Funds received by the County will be deposited in the Downtown Property Based Business Improvement District Fund (451- 8703-370-40.01) and expended from 451-8703-465-35.10. Funds will subsequently be disbursed through a contract with the Downtown Berkeley Association (hereafter, the "DBA"), a private organization that manages the services of the DPBID.

Since Proposition 218 prohibits public property from being excluded from an assessment district, the City of Berkeley will be assessed for the 11 (eleven) parcels included in the boundaries of the DPBID. In FY 2015, the total assessment from the City is expected to be approximately \$106,675 and will be paid for from General Fund budget code 010-8703-465-4010. On June 14, 2011, Council adopted Ordinance Nos. 7,182-N.S and 7,183-N.S which increased Downtown parking meter rates by 25 cents per hour to fund this program.

State legislation requires that Business Improvement District 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 Board of the Downtown Berkeley Association with the assistance of its Chief Executive Officer, John Caner, prepared the attached report on operations of the DPBID for FY 2014, proposed operations in 2015 and proposed budget for 2015.

At its meeting of February 27, 2014, the Board of Directors of the Owners' Association voted to recommend a two and a half percent increase in the assessment to cover increased costs, as is authorized by the Management Plan for the District. At that same meeting the Board approved the proposed budget for 2015. At its meeting on March 27, 2014 the Board approved the Annual Report for 2014 and recommended that the 2014 Annual Report and Proposed Budget for 2015 also be approved by the City Council. There were no recommended changes to the boundaries nor changes to the assessment formula as already established.

BACKGROUND

On June 28, 2011, the Berkeley City Council established the DPBID for a five-year period that ends on December 31, 2016. The DPBID finances services and improvements that maintain and improve the Downtown's streetscape and public areas, improve the pedestrian experience for workers, visitors and residents, and attract new businesses and development. Services include Environmental Enhancements (hospitality and cleaning ambassador teams, and beautification projects) and Economic Enhancements, (business attraction and retention as well as consumer marketing and events). As noted above, the Downtown Berkeley Association administers these services.

ENVIRONMENTAL SUSTAINABILITY

By maintaining and enhancing the district, the Downtown Berkeley Association creates shopping opportunities for residents and visitors alike while encouraging alternative forms of transportation. The District encompasses the area surrounding the Downtown Berkeley BART Stations and several AC transit lines provide easy accessibility to visitors coming to and from this popular regional destination. The DBA ambassadors and environmental enhancements such as median plantings all contribute to making the Downtown a more pleasant destination. Because the District is well served by public transportation and biking infrastructure, these services indirectly support environmental

sustainability goals of encouraging alternative transportation choices. The Downtown Berkeley Association has also partnered with the City's Transportation Department in planning for the goBerkeley Parking Management Plan and planned upgrades the Downtown BART Plaza.

RATIONALE FOR RECOMMENDATION

This private/public partnership generates significant new resources for Downtown revitalization on an ongoing basis and can have a positive effect on the physical and economic health of the Downtown area. The City contribution will leverage substantial University and private sector dollars at a ratio of 11 to 1.

ALTERNATIVE ACTIONS CONSIDERED

No alternative actions were considered.

CONTACT PERSON

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Attachments:

1: Resolution

Exhibit A: Annual Report for FY 2014

Exhibit B: Proposed Budget for FY 2015

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

ANNUAL ASSESSMENT REPORT FOR THE DOWNTOWN PROPERTY AND BUSINESS IMPROVEMENT DISTRICT FOR FY 2014 AND PROPOSED BUDGET FOR 2015; INTENT TO LEVY SPECIAL ASSESSMENTS IN THE DOWNTOWN 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, the City Council established the Downtown Property and Business Improvement District (hereafter, "the District") by Resolution No. 65,370–N.S. on June 28, 2011; and

WHEREAS, the City Council has now received the *Annual Report of the Downtown Property and Business Improvement District for FY 2014* (hereafter "the *Annual Report*" and attached as Exhibit A) from the Downtown Berkeley Association, 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 of the Downtown Property and Business Improvement District for FY 2014* (Exhibit A) and declares its intent to levy special assessments on property within the boundaries of the District for FY 2015.

BE IT FURTHER RESOLVED 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 *Downtown Property and Business Improvement District Management Plan* (the "*Plan*"), which was made part of Resolution No. 65,370-N.S., establishing the District.

BE IT FURTHER RESOLVED 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 and a half percent (2.5%) 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 *Downtown Property and Business Improvement District Management Plan* and the *Downtown 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 Downtown Property and Business Improvement District for FY 2014*

B: Proposed Budget for FY 2015

EXHIBIT A
**2014 ANNUAL REPORT OF THE DOWNTOWN BERKELEY PROPERTY-BASED
BUSINESS IMPROVEMENT DISTRICT (PBID)**

By the Downtown Berkeley Association

The Downtown Berkeley Property-Based Business Improvement District (DBPBID), managed by the Downtown Berkeley Association (DBA) was approved for a five-year period by an affirmative vote of the property owners of the Downtown Berkeley commercial district by mail-in ballot during the spring 2011. This vote was affirmed without protest by City Council on June 28, 2011. This report is for the third year of the PBID fiscal year ending December 31, 2014. The DBPID commenced operations on January 1, 2012, and the DBA operates on a calendar year basis. In accordance with 36650 (b) of the Streets and Highway Code for the State of California, the DBA affirms the following:

1. The DBA proposes no changes in PBID boundaries for the 2015 fiscal/calendar year.
2. The DBA will continue with the same services as has been outlined in the Management District Plan of November 2010. These services include Environmental Enhancements such as Ambassador hospitality services, cleaning services, beautification, and landscaping; as well as Economic Enhancements such as district marketing, promotion, event, and business attraction and retention.
3. The budget approved on February 27, 2014 the DBA Board of Directors calls for expenditures in the FY/CY 2015 to be \$1,450,269.
4. On February 27, 2014, the DBA Board approved a 2.5% assessment rate increase as allowed in the Management District Plan for the FY/CY 2015.
5. The 2015 budget approved to the DBA Board of Directors includes a carry forward of \$131,983 in assets.
6. The approved 2015 budget envisions a deficit of \$5,446 to be subtracted to the carry forward funds of \$131,983, resulting in a year-end balance of \$126,537.
7. In addition to assessments levied on real property, the 2015 budget envisions additional revenue will be derived from Solano Avenue tree watering contract of \$13,499, a contract with the North Shattuck Association for ambassador and cleaning services of \$36,000, and a contract for ambassador and cleaning services for the Telegraph Avenue Association of \$212,114, event revenue of \$5,891, as well as, de minimis interest earned of \$300 due to low interest rates currently paid by financial institutions.

EXHIBIT B
2015 PROPOSED BUDGET OF THE DOWNTOWN BERKELEY
PROPERTY-BASED BUSINESS IMPROVEMENT DISTRICT (PBID)
By the Downtown Berkeley Association

REVENUE

BID Assessment Revenue	\$0
PBID Assessment Revenue	\$1,177,019
Contract Services	\$261,613
Interest Income and Other Revenue	<u>\$6,191</u>
Total Revenue	\$1,444,823

EXPENSES

Environmental Enhancement Services*	\$1,114,037
Marketing & Economic Enhancement Services	\$197,943
General Administrative and Operating Expenses	<u>\$138,288</u>
Total Expenses	\$1,450,269

*Environmental enhancements include cleaning, hospitality, and landscaping

