



City of San Leandro

Meeting Date: July 15, 2013

Staff Report

File Number: 13-358

Agenda Section: PUBLIC HEARINGS – CITY COUNCIL

Agenda Number: 3.A.

TO: City Council

FROM: Chris Zapata
City Manager

BY: Chris Zapata
City Manager

FINANCE REVIEW: Not Applicable

TITLE: Staff Report for a Resolution of Formation for the Establishment of the Downtown San Leandro Community Benefit District

SUMMARY AND RECOMMENDATIONS

City staff and New City America, Inc. worked with the Downtown Association and a Downtown San Leandro Community Benefit District (CBD) Property Owner Steering Committee since July of 2012 to determine the level of support for and type of services to be provided by a CBD. Based on the multitude of benefits to be realized by property and business owners as well as residents, staff recommends that the Resolution of Formation for the establishment of the Downtown San Leandro Community Benefit District be adopted if the support received by the ballots from the property owners of the proposed Community Benefit District is more than 50% of the weighted assessment.

BACKGROUND

Creation of a CBD is aligned with three of the City Council's six goals: Long-term fiscal sustainability; sustainable economic development; and support of programs, activities and communication that enhance the quality of life and promote a sense of community and civic pride.

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

- Are a unifying mechanism for all stakeholders to voluntarily work towards a common goal - that of a vibrant 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 downtown plazas is particularly relevant to Downtown San Leandro.

- Effectively market and promote an area and organize events.

Formation of a Community Benefit District is authorized by Article XIII(d) of the California Constitution as well as Section 36600 of the California Streets and Highways Code. Below is a summary of the major milestones in the formation of the Downtown San Leandro CBD that have been completed to date.

- In July 2012, the City Council entered into a Consultant Services Agreement with New City America, Inc. (NCA) to assist property owners in exploring the feasibility of a downtown assessment district. NCA worked with City staff to assemble a CBD Steering Committee. All downtown property owners were invited to attend and informed of the initiative. Meetings were held with some of the larger property owners. The Downtown Association was included in discussions.
- A survey was developed to determine the feasibility of a Downtown CBD and obtain feedback regarding the types and levels of enhanced services desired. The Steering Committee provided input on the survey and reviewed the survey results. Based upon the responses, the Steering Committee set the boundaries and special services plan.
- The Steering Committee adopted a Management District Plan, which outlines the special benefits to be funded, the term of the district, the boundaries, benefit zones, and the assessment methodology that identifies a formula for determining the costs attributable to each property owner. The proposed budget of the CBD in FY 2013-14 is \$384,680 to be funded by assessments on all properties in Downtown. The funds will provide enhanced maintenance, security and marketing services over and above baseline services provided by the City and also funding for a part-time executive director.
- The Management Plan was submitted to the City for review and an Assessment Engineer certified that the plan is compliant with the conditions of Article XIII(d) of the California Constitution. The Management District Plan was approved by the City Council on April 1, 2013, and NCA launched a petition drive. Once the 30% weighted threshold petition in support of the CBD was met, the petitions were submitted to the City for processing.
- On May 20, 2013, the City Council adopted a Resolution of Intent which instructed the City Clerk to mail ballots to every affected property owner within the boundaries of the district. On May 24, 2013, the City Clerk mailed the ballots, which included the assessment amount and enabled the property owner the opportunity to register support or opposition towards the formation of the district. The ballot packet included the following (attached in Exhibit 1):
 - A Notice of Public Hearing (also published in the Newspaper)
 - Ballot Instructions - Procedures For Completion, Return And Tabulation of The Assessment Ballot
 - An Official Ballot
 - Ballot Return Envelope

- A copy of the Management Plan
- A copy of the Engineers Report

The mail ballots had to be received by the City Clerk by the conclusion of the public hearing scheduled for July 15, 2013.

Analysis

The July 15, 2013 public hearing is required by the California Streets and Highways Code. It provides property owners an opportunity to voice their opinions regarding the formation of the district and cast their votes for or against the district in a public forum.

Ballots are accepted until the close of the public hearing. At the close of the public hearing, the meeting agenda item will be continued until later in the meeting and the City Clerk or her designee(s) will convene in the Sister Cities Gallery to unseal and tally the ballots. Once completed, the City Clerk staff will return to the City Council Chamber with the final ballot count and the agenda item will re-commence.

If the ballot count in support of the district represents more than 50% of the weighted assessments, the City Council may adopt a Resolution of Formation that levies the assessments on the benefitting parcels. The City would then inform the County to levy the assessments on the next cycle of property tax bills consistent with the amounts listed in the Management District Plan and Assessment Engineer's report. The City will bill tax exempt parcels directly.

The assessments often appear as a line item on the property tax bills. When the funds are collected (twice annually in December and June), the County will send a check to the City. Once a non-profit management corporation has been established, the City will transfer the CBD assessments to the management corporation in accordance with the Management District Plan.

It is anticipated that the Steering Committee will begin work immediately on the non-profit corporation and establishment of an interim Board of Directors once the Resolution of Formation is adopted. An agreement with the interim Board of the new non-profit management corporation will likely take 90 - 120 days. In the meantime, City staff will work closely with the Steering Committee to ensure the work of establishing and executing this new program proceeds effectively and efficiently. Staff will return, on a date to be determined, to the City Council for approval of the contract with the non-profit management corporation for administration of the district as recommended by the Board of Directors.

Previous Actions

- On May 20, 2013, the City Council adopted a Resolution of Intent to Establish a Community Benefit District in Downtown San Leandro and a Minute Order Authorizing the City Manager to Sign the City-owned Property Ballots in Support of the Community Benefit District.
- April 1, 2013, the City Council authorized the City Manager to Sign a Petition to Establish

the Downtown San Leandro Community Benefit District.

- 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, 24, February 7, 28 and April 4, 2013 Downtown San Leandro Community Benefit District Steering Committee meetings
- Numerous one-on-one meetings with individual property owners

Legal Analysis

The report and recommendation has been approved as to form by the City Attorney.

Fiscal Impacts

If the Community Benefit District in Downtown San Leandro is approved, the annual General Fund obligation to the City will be \$41,190, which may be increased by the Consumer Price Index, up to 3% annually. This expense will be funded in lieu of the \$45,000 in limited downtown maintenance expenses included in the FY 2013-14 and FY 2014-15 budget.

ATTACHMENTS

- Exhibit 1 - Ballot Package

PREPARED BY: Cynthia Battenberg, Community Development Director

City of San Leandro, California

May 24, 2013

NOTICE OF PUBLIC HEARING AND INFORMATION CONCERNING ESTABLISHING THE DOWNTOWN SAN LEANDRO COMMUNITY BENEFIT DISTRICT AND AUTHORIZING THE LEVY AND COLLECTION OF ASSESSMENTS

Notice is hereby given that the City Council of the City of San Leandro will hold a public hearing to determine whether to establish the Downtown San Leandro Community Benefit District (District) and to levy assessments. The hearing will be held on:

Monday, July 15th, 2013 at 7:00 p.m.
San Leandro City Council Chambers
835 E. 14th Street, San Leandro, CA 94577

The public hearing is being held in compliance with the 45-day notice requirement set forth in the California Government Code §53753 (b).

Between now and July 15, 2013, you have an opportunity to cast a vote to establish the District by signing the enclosed ballot and returning it to the City Clerk's office.

Below is a brief explanation about the District and its funding. Additional information is also available in the Downtown San Leandro Community Benefit District Management Plan that is included in this mailed packet.

- Enhanced Services - the approved activities of the District include maintenance and beautification, marketing and promotion of the Downtown District, program management and operations, and contingency/reserves. All proposed services and improvements benefit businesses and real property located in the District. The purpose of these programs is to continue to enhance the District image and to attract new businesses and investors.
- Assessment - to finance these costs, an assessment would be levied on properties within the District for fifteen (15) years pursuant to the formula contained in the enclosed Management District Plan. The proposed levy for the entire District for fiscal year 2013 - 14 is \$384,680. The amount to be levied and collected for subsequent years may be increased by an amount not to exceed 3 percent per year in accordance with increases in the Consumer Price Index for Alameda County. Any increase in assessments will be recommended by the yet to be formed District Management Corporation, made up of the business and property owners paying into the District. Please refer to your ballot, which is enclosed, for your specific 2013-14 assessment.

If you received this notice, City records show that you are eligible to vote because you own one or more parcels of land within the District boundaries. Please take the time to review the following documents included in this package:

- Procedure for Completion, Return, and Tabulation of Ballots;

- A ballot for you to vote “yes” or “no” to establish the District and to levy and collect the annual assessment. Ballot shows your proportional Year 1 assessment amount; and
- A copy of the Downtown San Leandro Community Benefit District Management District Plan.

You may return your signed ballot by mail in the enclosed ballot return envelope (remember to add postage) or deliver it in person to the City of San Leandro, City Clerk’s Office, 835 E. 14th Street, San Leandro, CA 94577. **To be counted, the City Clerk must receive your signed ballot prior to the close of the public testimony part of the public hearing on District establishment on July 15, 2013.**

At the conclusion of the public testimony in the public hearing, City Clerk or designee will tabulate the ballots. The City Council will consider the proposed assessments at this public hearing. The City Council shall not impose an assessment if there is a majority protest. A majority protest exists if, upon the conclusion of the hearing, ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment. Ballots will be weighted according to the proportional financial obligation of the owners of the affected properties.

If you have questions regarding the ballot process, please contact the City Clerk's Office at 510/577-3366 or vchiu@sanleandro.org. Questions regarding the specifics of the proposed District should be directed to the City's Community Development Director, Cynthia Battenberg at 510/577-3352 or cbattenberg@sanleandro.org.

**PROCEDURES FOR COMPLETION, RETURN, AND
TABULATION OF THE ASSESSMENT BALLOT**

The property owner, or their authorized representative, should complete the attached assessment ballot. An explanation of who may complete the assessment ballot on behalf of the property owner is provided below.

To complete the assessment ballot process, property owners must complete the following steps:

- Verify that the parcel number(s), legal owner's name, legal owner's address, and site address listed on the assessment ballot are correct. If any of these items are not correct, please contact the City Clerk's office at 510/577-3366.
- Review the two assessment ballot options to approve or disapprove the Downtown San Leandro Community Benefit District assessment.
- Mark your option to approve or disapprove the proposed assessment.
- Sign the assessment ballot.
- Place the completed assessment ballot in the return envelope.
- Submit return envelope with assessment ballot inside to the City Clerk, City of San Leandro.
- Note: Written comments should not be included with the ballot or written on the ballot. Comments should be mailed to the City Clerk in a separate envelope by July 15, 2013 at 5:00 p.m.

Assessment ballots may be submitted in the following manner:

- ❑ By Mail: In the self-addressed return envelope to San Leandro City Clerk, 835 E. 14th Street, San Leandro, CA 94577.
- ❑ In Person: City Clerk, 845 E. 14th Street, San Leandro, CA 94577. Clerk's office hours are from Monday through Friday, 8:30 a.m. to 12 noon and 1:00 p.m. to 5:00 p.m. Please note: Ballots must be submitted prior to the close of the public hearing scheduled for July 15th, 2013, at 7:00 p.m.

The assessment shall not be imposed if the ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment. Ballots will be weighted according to the financial obligation of the owners of the affected properties.

WHO MAY COMPLETE THE ASSESSMENT BALLOTS

Assessment Ballots may be signed by the following parties:

1. If the property is owned by a corporation, the ballot may be signed for the corporation by any officer or officers authorized to make contracts by the corporate by-laws or by resolution of the corporation's Board of Directors.
2. If the property is owned by a partnership, any general partner may sign.
3. If two or more persons own the property as tenants-in-common, any one tenant-in-common may sign for all.
4. If two or more persons own the property in joint tenancy, any one joint tenant may sign for all.
5. If the property is community property then any one of the owners may sign.

**Office of the
San Leandro City Clerk
845 E. 14th Street San Leandro, CA 94577**

BALLOT TO ESTABLISH THE DOWNTOWN SAN LEANDRO COMMUNITY BENEFIT DISTRICT

Pursuant to San Leandro Community Benefit District Ordinance, Title 2, Chapter 2-20 of the San Leandro Municipal Code

LEGAL OWNER: CITY OF SAN LEANDRO

<u>APN NUMBER</u>	<u>SITE ADDRESS</u>	<u>ASSESSMENT AMOUNT</u>	<u>PERCENTAGE</u>
075 0001 001 01	E 14TH ST	\$2,471.56	0.64%
075 0001 004 00	1199 E 14TH ST	\$856.37	0.22%
075 0001 005 00	212 DAVIS ST	\$456.65	0.12%
075 0001 006 00	222 DAVIS ST	\$383.95	0.10%
075 0001 008 02	250 DAVIS ST	\$934.92	0.24%
075 0001 009 02	262 DAVIS ST	\$918.34	0.24%
075 0001 010 02	290 DAVIS ST	\$1,303.47	0.34%
075 0016 015 01	384 W ESTUDILLO AVE	\$3,520.09	0.92%
075 0162 004 00	ARROYO AVE	\$2,877.82	0.75%
077 0447 007 01	HYDE ST	\$4,722.60	1.23%
077 0545 009 00	WASHINGTON AVE	\$923.31	0.24%
077 0545 010 00	WASHINGTON AVE	\$397.64	0.10%
077 0545 063 00	1350 WASHINGTON AVE	\$672.85	0.17%
077 0551 001 00	CALLAN AVE	\$10,061.62	2.62%
077 0551 014 00	143 CALLAN ST	\$513.81	0.13%
077 0551 015 00	E 14TH ST.	\$1,650.54	0.43%
077 0551 034 00	1366 E 14TH ST	\$3,617.54	0.94%
077 0551 035 00	179 ESTUDILLO AVE	\$438.02	0.11%
077 0551 064 00	122 ESTUDILLO AVE	\$4,974.50	1.29%
<u>TOTALS:</u>		\$41,695.59	10.84%

____ Yes, I approve of the proposed assessment of \$41,695.59 on the parcels identified in this ballot.

____ No, I do not approve of the proposed assessment of \$41,695.59 on the parcels identified in this ballot.

Property Owner's Name (Please Print or Type)

Property Owner's Signature

Signature Date

-OR-

Duly Authorized Representative's Signature

Title (Please Print or Type)

Date

You may return your ballot by mail in the enclosed ballot return envelope (remember to add postage) or deliver it in person to the City of San Leandro, City Clerk Office, 845 E. 14th Street, San Leandro, CA 94577. To be counted, however, the City Clerk must receive your ballot prior to the close of the public hearing on the establishment of the District scheduled for Monday, July 15, 2013 at 7:00 p.m.



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

Final Plan – April 2nd, 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) 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 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.

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.

Table 1
Downtown CBD FY 2013-14 Budget

Program or Service	% of Budget	Estimated Cost of Benefit
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	4%	\$ 15,387
Total First Year Budget	100%	\$ 384,680

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. 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.

Cost:

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:

<i>Linear Frontage costs:</i>	Benefit Zone 1 \$4.115098 per linear foot/year Benefit Zone 2 \$2.579620 per linear foot/year
<i>Building Square Footage costs:</i>	\$0.045985 per square foot/year
<i>Lot Size costs:</i>	Benefit Zone 1 \$0.0725835 per square foot/year Benefit Zone 2 \$0.0478005 per square foot/year
<i>Residential Condo costs:</i>	\$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>
Total:	\$ 384,680

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 \$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.

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

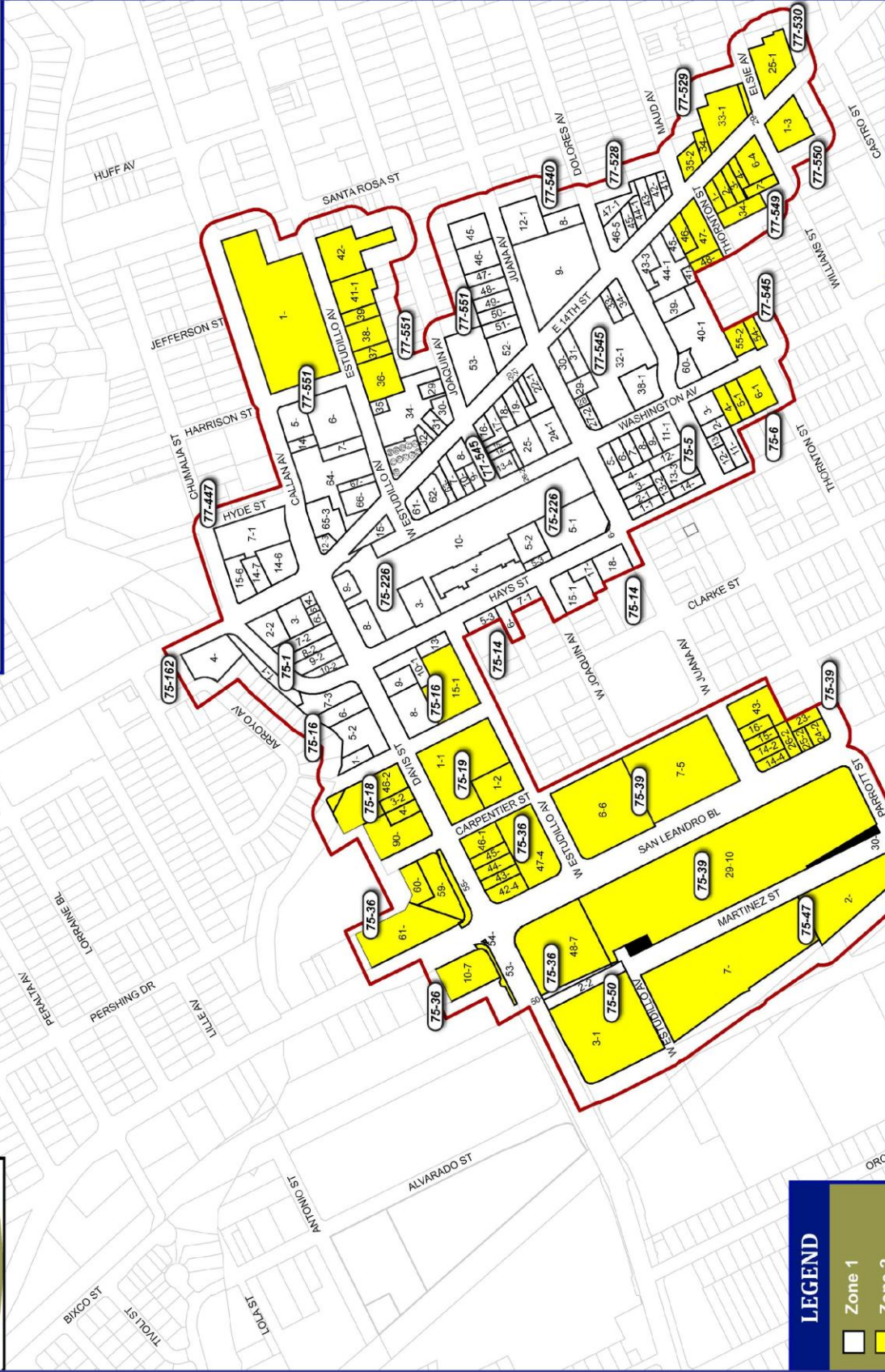
Downtown San Leandro Community Benefit District Boundaries

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.
- ***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 Thorton 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 2/28/2013



0 500 Feet

LEGEND

- Zone 1
- Zone 2
- 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

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.

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:*** This includes all private security services, beautification programs, sidewalk and gutter cleaning services, sidewalk steam cleaning services, graffiti removal, trash removal, as well as enhanced services between the curb and property lines of both Benefit Zones in the CBD. These services equal \$234,175 or 61% of the first year annual budget of the CBD.
2. ***District Identity and Streetscape Improvements:*** 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, and holiday decorations. These services equal \$50,000 or 13% of the first year annual budget of the CBD. NOTE: As new residential and commercial development occurs in the next fifteen years, this category of services may also include creation and maintenance of a CBD wide shuttle service between various Downtown locations and the San Leandro BART station. This special benefit service will be provided to the business and property owners, residents, visitors, employees and others that will benefit from this enhanced service.

3. **Enhanced Residential Improvements:** These services include, but are not limited to: enhanced beautification in blocks with 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. The largest growth in the Downtown anticipated over the next 15 years will likely be in market rate multi-family housing, whether it be in the form of apartments or residential condominiums.
4. **Program Management and Corporate Operations.** These services equal \$60,750 or 16% of the first year annual budget of the new district and will fund the oversight of all of the special benefit programs of the CBD including all administrative and advocacy services of the District Management Corporation.
5. **Contingency/Reserve.** This fund equals \$15,387 or 4% of the first year annual budget of the new district. This contingency anticipates an “historic” non-payment rate percentage of around 2 - 4%, and any City or County collection fees.

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	61%	\$ 234,175 <i>Benefit Zone 1 = \$153,666</i> <i>Benefit Zone 2 = \$ 80,511</i>
District Identity & Streetscape Improvements	13%	\$ 50,000
Enhanced Residential Improvements	6%	\$ 24,368
Program Management, Corporate Operations	16%	\$ 60,750
Contingency	4%	\$ 15,387
Total First Year Budget	100%	\$ 384,680

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 61%

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 <i>70 hours/week</i>	\$875/wk; \$45,500/yr <i>35 hours/week</i>	\$20,00/yr
Benefit Zone 2	\$480/wk; \$24,960/yr <i>24 hours/week</i>	\$625/wk; \$32,500/yr <i>25 hours/week</i>	\$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	\$15,366	\$153,666
Benefit Zone 2	<u>\$ 72,460</u>	<u>\$ 8,051</u>	<u>\$ 80,511</u>
Total	\$210,760	\$23,417	\$234,177

*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 13%

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*

	<i>Benefit Zone 1</i>	<i>Benefit Zone 2</i>
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: \$ 24.368 6%

Residential condos 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 include, but are not 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.*

Residential condo individually assessed parcels are 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, commencing the first year of the new District.*

4- Program Management And Corporate Operations: \$ 60,750 16 %

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: \$ 15,387.00 4%

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

- Delinquencies
- Reserves
- City and county administration costs

	Delinquencies	County costs
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	
Enhanced Residential Improvements	\$24,368.00	\$25,099.04	\$25,852.01	\$26,627.57	\$27,426.40	\$28,249.19	\$29,096.67	
Program Management	\$60,750.00	\$62,572.50	\$64,449.68	\$66,383.17	\$68,374.66	\$70,425.90	\$72,538.68	
Contingency	\$15,387.00	\$15,848.61	\$16,324.07	\$16,813.79	\$17,318.20	\$17,837.75	\$18,372.88	
Total	\$384,680.00	\$396,220.40	\$408,107.01	\$420,350.22	\$432,960.73	\$445,949.55	\$459,328.04	
	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
Enhanced Residential Improvements	\$29,969.57	\$30,868.65	\$31,794.71	\$32,748.55	\$33,731.01	\$34,742.94	\$35,785.23	\$36,858.79
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	\$18,924.07	\$19,491.79	\$20,076.54	\$20,678.84	\$21,299.21	\$21,938.18	\$22,596.33	\$23,274.22
Total	\$473,107.88	\$487,301.11	\$501,920.15	\$516,977.75	\$532,487.09	\$548,461.70	\$564,915.55	\$581,863.02

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):	\$117,087	31%
Building Square Footage:	\$50,000	13%
Lot Size:	\$193,225	50%
Residential Condos:	<u>\$24,368</u>	<u>6%</u>
Total:	\$384,680	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
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	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
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	61%
District Identity, Streetscape Improvements	\$ 50,000.00	13%
Residential Condo Enhanced Services	\$ 24,368.00	6%
Admin Corporate operations	\$ 60,750.00	16%
Contingency	\$ 15,572.00	4%
Total First Year Budget	\$ 384,680.00	100%

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 are defined on the County Assessor's parcel maps and were 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.

Residential Condo Unit Parcels Defined:

Condo Residential Unit 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.

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

Residential condo individually assessed parcels are assessed as a separate category. These 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 residential condos only for the building square footage rate is provided below.

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. 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 unit 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 residential condo individual assessed parcels since 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 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.

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:

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

Residential Condo Assessment:

The annual assessment method for a residential condo, regardless of Benefit Zone is:

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

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>
18,671 linear feet	1,567,763 sq. ft.	791,834 sq. ft.	0 sq. feet

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

<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>
15,605 linear feet	1,661,712 sq. ft.	295,461 sq. ft.	121,844 sq. ft.

Maximum Assessment:

Assessments will be subject to changes in the San Francisco - Oakland - San Jose Consumer Price Index for all urban consumers from February to February, 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	\$4.12	\$4.24	\$4.37	\$4.50	\$4.63
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	\$4.86	\$5.01	\$5.16	\$5.31	\$5.47
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	\$5.75	\$5.92	\$6.10	\$6.28	\$6.47
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	0.64%
City Of San Leandro	075 0001 004 00	1199	E 14th St	1	\$856.37	0.22%
City Of San Leandro	075 0001 005 00	212	Davis St	1	\$456.65	0.12%
City Of San Leandro	075 0001 006 00	222	Davis St	1	\$383.95	0.10%
City Of San Leandro	075 0001 008 02	250	Davis St	1	\$934.92	0.24%
City Of San Leandro	075 0001 010 02	290	Davis St	1	\$1,303.47	0.34%
City Of San Leandro	075 0016 015 01	384	W Estudillo Ave	2	\$3,520.09	0.92%
City Of San Leandro	075 0162 004 00		Arroyo Ave	1	\$2,877.82	0.75%
City Of San Leandro	077 0447 007 01		Hyde St	1	\$4,722.60	1.23%
City Of San Leandro	077 0545 009 00		Washington Ave	1	\$923.31	0.24%
City Of San Leandro	077 0545 010 00		Washington Ave	1	\$397.64	0.10%
City Of San Leandro	077 0545 063 00	1350	Washington Ave	1	\$672.85	0.17%
City Of San Leandro	077 0551 001 00		Callan Ave	2	\$10,061.62	2.62%
City Of San Leandro	077 0551 014 00	143	Callan St	1	\$513.81	0.13%
City Of San Leandro	077 0551 015 00		E 14th St.	1	\$1,650.54	0.43%
City Of San Leandro	077 0551 034 00	1366	E 14th St	1	\$3,617.54	0.94%
City Of San Leandro	077 0551 035 00	179	Estudillo Ave	1	\$438.02	0.11%
City Of San Leandro	077 0551 064 00	120	Estudillo Ave	1	\$4,948.31	1.29%
City Of San Leandro	077 0551 067 00		Estudillo Ave	1	\$439.19	0.11%
				Total	\$41,190.26	10.71%
SF Bay Area Rapid Transit Dist	075 0036 048 07		W Estudillo Ave	2	\$5,034.89	1.31%
SF Bay Area Rapid Transit Dist	075 0039 007 05		San Leandro Blvd	2	\$7,269.86	1.89%
SF Bay Area Rapid Transit Dist	075 0039 029 10		San Leandro Blvd	2	\$18,148.46	4.72%
				Total	\$30,453.21	7.92%
State Of California	075 0036 053 00		Davis St	2	\$982.15	0.26%
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	0.33%
				Total	\$2,341.12	0.61%
Successor Agency	075 0005 011 01	1595	Washington Ave	1	\$1,661.75	0.43%
Successor Agency	075 0005 012 00	268	Parrott St	1	\$801.54	0.21%
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	5.24%
Successor Agency	077 0545 015 00	135	W Joaquin Ave	1	\$272.89	0.07%
Successor Agency	077 0545 018 00	835	E 14th St	1	\$611.71	0.16%
Successor Agency	077 0545 024 01	1490	Washington Ave	1	\$2,147.95	0.56%
Successor Agency	077 0545 025 00	1446	Washington Ave	1	\$1,476.38	0.38%
Successor Agency	077 0545 026 02		Washington Ave	1	\$193.28	0.05%
				Total	\$27,540.45	7.16%

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

APN	Assessment
075 0001 001 01	\$2,471.56
075 0001 002 02	\$1,530.64
075 0001 003 00	\$1,919.00
075 0001 004 00	\$856.37
075 0001 005 00	\$456.65
075 0001 006 00	\$383.95
075 0001 007 02	\$1,009.91
075 0001 008 02	\$934.92
075 0001 009 02	\$918.34
075 0001 010 02	\$1,303.47
075 0005 001 01	\$1,160.26
075 0005 002 01	\$0.00
075 0005 003 00	\$0.00
075 0005 004 00	\$0.00
075 0005 005 00	\$1,188.83
075 0005 006 00	\$640.72
075 0005 007 00	\$826.93
075 0005 008 00	\$757.38
075 0005 009 00	\$0.00
075 0005 011 01	\$1,661.75
075 0005 012 00	\$801.54
075 0005 013 02	\$553.90
075 0005 013 03	\$1,330.23
075 0005 014 00	\$0.00
075 0006 002 00	\$641.97
075 0006 003 00	\$2,003.97
075 0006 004 00	\$487.48
075 0006 005 01	\$0.00
075 0006 006 01	\$1,540.70
075 0006 011 00	\$0.00
075 0006 012 00	\$1,079.71
075 0006 013 00	\$0.00
075 0014 005 03	\$1,352.58
075 0014 006 00	\$1,225.19
075 0014 007 01	\$1,254.45
075 0014 015 01	\$2,652.67
075 0014 017 00	\$1,219.89
075 0014 018 00	\$1,904.65
075 0016 001 00	\$877.30
075 0016 005 02	\$2,960.05
075 0016 006 00	\$928.86
075 0016 007 03	\$2,496.84
075 0016 008 00	\$5,007.82
075 0016 009 00	\$1,173.23
075 0016 010 01	\$2,788.67
075 0016 013 00	\$1,460.83
075 0016 015 01	\$3,520.09
075 0018 003 02	\$427.73

075 0018 004 00	\$711.00
075 0018 008 00	\$334.40
075 0018 009 00	\$334.20
075 0018 010 00	\$293.60
075 0018 011 00	\$334.80
075 0018 012 00	\$334.20
075 0018 013 00	\$293.60
075 0018 014 00	\$345.60
075 0018 015 00	\$334.20
075 0018 016 00	\$293.60
075 0018 017 00	\$309.40
075 0018 018 00	\$334.20
075 0018 019 00	\$293.60
075 0018 020 00	\$429.00
075 0018 021 00	\$334.20
075 0018 022 00	\$293.60
075 0018 023 00	\$293.60
075 0018 024 00	\$293.60
075 0018 025 00	\$244.80
075 0018 026 00	\$286.20
075 0018 027 00	\$334.20
075 0018 028 00	\$244.80
075 0018 029 00	\$286.20
075 0018 030 00	\$334.20
075 0018 031 00	\$244.80
075 0018 032 00	\$286.20
075 0018 033 00	\$334.20
075 0018 034 00	\$293.60
075 0018 035 00	\$334.20
075 0018 036 00	\$286.20
075 0018 037 00	\$293.60
075 0018 038 00	\$334.20
075 0018 039 00	\$279.60
075 0018 040 00	\$293.60
075 0018 041 00	\$334.20
075 0018 042 00	\$265.20
075 0018 043 00	\$293.60
075 0018 044 00	\$334.20
075 0018 045 00	\$244.80
075 0018 048 00	\$236.40
075 0018 049 00	\$236.40
075 0018 050 00	\$236.40
075 0018 051 00	\$236.40
075 0018 052 00	\$236.00
075 0018 053 00	\$236.00
075 0018 054 00	\$236.00
075 0018 055 00	\$236.00
075 0018 056 00	\$236.00
075 0018 057 00	\$236.00
075 0018 058 00	\$236.00

075 0018 059 00	\$236.00	075 0039 014 04	\$721.28
075 0018 060 00	\$247.20	075 0039 015 00	\$0.00
075 0018 061 00	\$247.20	075 0039 016 00	\$530.56
075 0018 062 00	\$247.20	075 0039 023 00	\$474.04
075 0018 063 00	\$247.20	075 0039 024 02	\$735.57
075 0018 064 00	\$236.00	075 0039 025 02	\$329.74
075 0018 065 00	\$236.00	075 0039 026 02	\$587.57
075 0018 066 00	\$236.00	075 0039 029 10	\$18,148.46
075 0018 067 00	\$236.00	075 0039 032 00	\$224.60
075 0018 068 00	\$236.40	075 0039 033 00	\$224.60
075 0018 069 00	\$236.40	075 0039 034 00	\$224.60
075 0018 070 00	\$236.40	075 0039 035 00	\$224.60
075 0018 071 00	\$236.40	075 0039 036 00	\$224.60
075 0018 072 00	\$236.40	075 0039 037 00	\$224.60
075 0018 073 00	\$236.40	075 0039 038 00	\$224.60
075 0018 074 00	\$236.40	075 0039 039 00	\$224.60
075 0018 075 00	\$236.40	075 0039 040 00	\$224.60
075 0018 076 00	\$401.00	075 0039 041 00	\$224.60
075 0018 077 00	\$236.40	075 0039 042 00	\$224.60
075 0018 078 00	\$236.40	075 0047 002 00	\$3,312.30
075 0018 079 00	\$236.40	075 0047 007 00	\$9,670.87
075 0018 080 00	\$236.00	075 0050 003 01	\$10,234.87
075 0018 081 00	\$236.00	075 0162 004 00	\$2,877.82
075 0018 082 00	\$236.00	075 0226 003 00	\$2,256.52
075 0018 083 00	\$342.00	075 0226 004 00	\$3,009.07
075 0018 084 00	\$236.40	075 0226 005 01	\$6,239.19
075 0018 085 00	\$236.40	075 0226 005 02	\$1,650.78
075 0018 086 00	\$236.40	075 0226 005 03	\$718.58
075 0018 087 00	\$236.40	075 0226 006 00	\$212.06
075 0018 088 00	\$236.40	075 0226 008 00	\$2,368.28
075 0018 089 00	\$236.40	075 0226 009 00	\$1,105.20
075 0019 001 01	\$5,772.34	075 0226 010 00	\$20,162.89
075 0019 001 02	\$1,613.06	077 0447 007 01	\$4,722.60
075 0036 010 07	\$1,638.44	077 0447 014 06	\$3,416.91
075 0036 042 04	\$1,005.06	077 0447 014 07	\$1,237.30
075 0036 043 00	\$0.00	077 0447 015 06	\$2,435.74
075 0036 044 00	\$584.74	077 0528 041 00	\$828.10
075 0036 045 00	\$577.61	077 0528 042 00	\$1,093.87
075 0036 046 01	\$1,199.99	077 0528 043 00	\$945.54
075 0036 047 04	\$3,483.60	077 0528 044 01	\$687.53
075 0036 048 07	\$5,034.89	077 0528 045 00	\$777.09
075 0036 053 00	\$982.15	077 0528 046 05	\$1,679.52
075 0036 054 00	\$82.17	077 0528 047 01	\$1,095.23
075 0036 055 00	\$1,276.80	077 0529 029 00	\$643.98
075 0036 059 00	\$1,309.60	077 0529 033 01	\$2,319.54
075 0036 060 00	\$731.31	077 0529 034 00	\$507.55
075 0036 061 00	\$7,563.30	077 0529 035 02	\$986.60
075 0039 006 06	\$6,317.59	077 0530 025 01	\$2,407.18
075 0039 007 05	\$7,269.86	077 0540 008 00	\$1,445.91
075 0039 014 02	\$0.00	077 0540 009 00	\$8,967.65

077 0540 012 01	\$3,525.88	077 0551 001 00	\$10,061.62
077 0545 007 00	\$1,156.13	077 0551 005 00	\$3,336.20
077 0545 008 00	\$2,011.24	077 0551 006 00	\$5,061.06
077 0545 009 00	\$923.31	077 0551 007 00	\$1,331.43
077 0545 010 00	\$397.64	077 0551 012 03	\$1,149.92
077 0545 013 04	\$1,347.07	077 0551 014 00	\$513.81
077 0545 014 00	\$471.82	077 0551 015 00	\$1,650.54
077 0545 015 00	\$272.89	077 0551 029 00	\$729.75
077 0545 016 00	\$1,110.79	077 0551 030 00	\$1,231.61
077 0545 017 00	\$1,154.49	077 0551 031 00	\$713.01
077 0545 018 00	\$611.71	077 0551 032 00	\$685.43
077 0545 019 00	\$1,407.08	077 0551 034 00	\$3,617.54
077 0545 020 00	\$314.98	077 0551 035 00	\$438.02
077 0545 021 00	\$447.30	077 0551 036 00	\$1,852.38
077 0545 022 01	\$2,150.20	077 0551 037 00	\$553.27
077 0545 024 01	\$2,147.95	077 0551 038 00	\$1,153.21
077 0545 025 00	\$1,476.38	077 0551 039 00	\$562.51
077 0545 026 02	\$193.28	077 0551 041 01	\$1,525.27
077 0545 027 02	\$1,013.70	077 0551 042 00	\$2,722.74
077 0545 028 00	\$309.70	077 0551 045 00	\$1,484.83
077 0545 029 00	\$760.95	077 0551 046 00	\$1,807.38
077 0545 030 00	\$1,636.17	077 0551 047 00	\$927.89
077 0545 031 00	\$1,152.23	077 0551 048 00	\$865.14
077 0545 032 01	\$8,377.60	077 0551 049 00	\$804.86
077 0545 033 00	\$702.94	077 0551 050 00	\$0.00
077 0545 034 00	\$1,467.66	077 0551 051 00	\$722.40
077 0545 038 01	\$2,465.82	077 0551 052 00	\$2,657.96
077 0545 039 00	\$1,172.62	077 0551 053 00	\$4,953.80
077 0545 040 01	\$4,858.13	077 0551 064 00	\$4,948.31
077 0545 041 00	\$178.34	077 0551 065 03	\$4,157.29
077 0545 043 03	\$2,007.44	077 0551 066 00	\$3,139.77
077 0545 044 01	\$2,305.72	077 0551 067 00	\$439.19
077 0545 045 00	\$806.01	077 0551 068 00	\$166.11
077 0545 046 00	\$795.27	077 0551 069 00	\$127.66
077 0545 047 00	\$1,810.13	077 0551 070 00	\$158.29
077 0545 048 00	\$342.19	077 0551 071 00	\$322.09
077 0545 054 00	\$894.07	077 0551 072 00	\$127.66
077 0545 055 02	\$777.29	077 0551 073 00	\$189.93
077 0545 060 00	\$1,698.64	077 0551 074 00	\$181.74
077 0545 061 00	\$1,706.79	077 0551 075 00	\$237.11
077 0545 062 00	\$1,716.90	077 0551 076 00	\$111.11
077 0545 063 00	\$672.85	077 0551 077 00	\$251.64
077 0549 001 00	\$784.73	TOTAL	\$384,680.42
077 0549 002 00	\$455.55		
077 0549 003 00	\$0.00		
077 0549 004 00	\$0.00		
077 0549 006 04	\$1,704.10		
077 0549 007 00	\$0.00		
077 0549 034 00	\$611.65		
077 0550 001 03	\$1,926.78		

Downtown San Leandro Community Benefit District

**CITY OF SAN LEANDRO
CALIFORNIA**

DISTRICT ASSESSMENT ENGINEER'S REPORT

*Prepared by
Edward V. Henning,
California Registered Professional Engineer # 26549
Edward Henning & Associates*

April 1, 2013

DISTRICT ASSESSMENT ENGINEER'S REPORT

To Whom It May Concern:

I hereby certify to the best of my professional knowledge and experience that each of the identified benefiting properties located within the proposed Downtown San Leandro Community Management District being established for fifteen (15) years will receive a special benefit over and above the benefits conferred on the public at large and that the amount of the proposed assessment is proportional to, and no greater than the benefits conferred on each respective property.

Prepared by Edward V. Henning, California Registered Professional Engineer # 26549



A handwritten signature in black ink, appearing to read "Edward V. Henning", written over a horizontal line.

RPE #26549

April 1, 2013

Edward V. Henning

Date

(NOT VALID WITHOUT SIGNATURE AND CERTIFICATION SEAL HERE)

Introduction

This report shall serve as the “detailed engineer’s report” required by Section 4(b) of Article XIID of the California Constitution (Proposition 218) to support the special assessments proposed to be levied for a 15 year period on parcels of real property included within the proposed Downtown San Leandro Community Benefit District (Downtown San Leandro CBD) in the City of San Leandro, California. The discussion and analysis contained within this report supports the conclusions that both the required “nexus” and proportionality exist between the assessment amounts proposed to be levied and the special benefits that will be derived by the identified properties included within the proposed Downtown San Leandro CBD.

Background

The Downtown San Leandro Community Benefit District (“CBD”) is a property-based special assessment district being established in San Leandro pursuant to San Leandro Community Benefit District Ordinance, Title 2, Chapter 2-20 of the San Leandro Municipal Code modeled after Section 36600 *et seq.* of the California Streets and Highways Code, known as the Property and Business Improvement District Law of 1994 (the “Act”). To satisfy the constitutional requirements for assessments on property imposed by Proposition 218, the costs of the services, activities and improvements in the district to be funded by assessments ("district programs") are to be distributed amongst all the identified properties based on the proportional benefit each parcel is expected to derive from the district programs. Within the Act, Proposition 218 and the Proposition 218 Omnibus Implementation Act, frequent references are made to the relative “special benefit” received from the district programs versus the amount of the assessment levied, which incorporate the concepts of "nexus" and "proportionality" that are required to levy assessments on property within a special assessment district. "Nexus" requires that only those properties expected to derive special benefits from the district programs may be assessed. "Proportionality" requires that, for each assessed property, the assessment be only in an amount proportional to that parcel’s share of the reasonable costs of providing the relative special benefits expected to be conferred on that parcel.

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 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. Quantity takeoffs for each parcel are then measured or otherwise ascertained. From these figures, the amount of benefit units to be assigned to each property can be calculated. Special circumstances such as unique geography, land uses, development constraints etc. are carefully reviewed relative to specific programs and improvements to be funded by the CBD in order to determine any levels of diminished benefit which may apply on a parcel-by-parcel or categorical basis.

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 ancillary program costs, are estimated. It is noted, as stipulated in Proposition 218, and now required of all property based assessment Districts, indirect or general benefits may not be incorporated into the assessment formula and levied on the District properties; 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, Proposition 218 no longer automatically exempts government owned property from being assessed and if special benefit is determined to be conferred upon such properties, they must be assessed in proportion to special benefits conferred in a manner similar to privately owned property assessments.

From this, 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. The amount of assessment for each identified parcel can be computed at this time by multiplying the Net Unit Cost times the number of Basic Benefit Units per identified parcel. This is known as “spreading the assessment” or the “assessment spread” in that all costs are allocated proportionally or “spread” amongst all identified properties within the CBD.

The method and basis of spreading program costs varies from one CBD to another based on local conditions, types of programs and activities proposed, and size and development complexity of the CBD.

Supplemental Proposition 218 Procedures and Requirements

Proposition 218, approved by the voters of California in November of 1996, adds a supplemental array of procedures and requirements to be carried out prior to levying a property-based assessment like the Downtown San Leandro CBD. These requirements are in addition to requirements imposed by State and local assessment enabling laws. These requirements were “chaptered” into law as Article XIID of the California Constitution.

Since Prop 218 provisions will affect all subsequent calculations to be made in the final assessment formula for the Downtown San Leandro CBD, Prop 218 requirements will be taken into account. The key provisions of Prop 218 along with a description of how the Downtown San Leandro CBD complies with each of these provisions are delineated below.

(Note: All section references below pertain to Article XIII of the California Constitution):

Finding 1. From Section 4(a): “Identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed”

There are 286 parcels within the proposed Downtown San Leandro CBD of which 273 are “identified” assessable individual parcels that will derive special benefit from the proposed District programs and activities. The benefits are special and unique only to the identified properties within the proposed District because programs and services will only be provided directly for the identified properties. All CBD parcels are identified by assessor parcel number and shown on the Boundary Map in the Management District Plan and are listed in Attachment 1 to this Report.

The boundaries of the Downtown San Leandro CBD generally are described 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, thence 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 west along the Creek 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.
- *Southern Boundary:* Starting at the corner of Parrott and Alvarado Streets, at parcel 75-47-002, thence east 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 Thorton 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, thence 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 in the MDP for exact boundaries), 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, thence north along the east side of Alvarado Street to the parcel at the southeastern corner of Davis Street and Alvarado, parcel 75-50-3-1.

There are two Benefit Zones within the Downtown San Leandro CBD.

All parcels within the above-described boundaries shall be assessed to fund special benefit services, programs and improvements as outlined in this report. CBD funded programs will only be provided to properties inside the District boundaries – none outside.

Finding 2. From Section 4(a): “Separate general benefits from the special benefits conferred on parcel(s). Only special benefits are assessable. “

The property uses within the boundaries of the Downtown San Leandro CBD are a mix of office, retail, service, parking, government and residential condominiums. Services, programs and improvements provided by the District are primarily designed to provide special benefits to all parcels within the boundaries of the district. Existing City of San Leandro services will be enhanced, not replaced or duplicated, by the new CBD services. In the case of the

Downtown San Leandro CBD, the very nature of the purpose of this District is to fund supplemental programs, improvements and services within the CBD boundaries above and beyond what is being currently funded either via normal tax supported methods or other funding sources. These services, programs and improvements, are designed to enhance the commercial core uses, increase tenancy and marketing of the commercial entities in the CBD and improve the aesthetic appearance of the CBD as a whole. In addition, special services are provided for residential condominiums. All benefits derived from the assessments to be levied on parcels within the CBD are for services, programs and improvements directly benefiting the property and business owners and residents within this area and support increased cleanliness, commerce, business attraction and retention, increased property rental income and improved District identity. No services will be provided beyond the CBD boundaries. The proposed services, programs and improvements which will provide special benefit to the properties within the CBD boundaries are described below:

1. SIDEWALK OPERATIONS , BEAUTIFICATION, AND ORDER : \$ 234,175 - 61%

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 and homeless encampments*
- *Timely graffiti removal, within 24 hours as necessary*
- *Tree and vegetation planting and maintenance*
- *Special events maintenance and security*
- *Quarterly sidewalk steam cleaning*

2. DISTRICT IDENTITY/VISITOR ATTRACTION: \$ 50,000 - 13%

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*

3. ENHANCED RESIDENTIAL IMPROVEMENTS: \$ 24,368 - 6%

Residential condos will be assessed separately due to their unique parcel status and special benefit needs in the district. Residential condo blocks will have the following special benefit services provided along their parcel frontages. These services include, but are not 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.*

Residential condo individually assessed parcels are 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, commencing the first year of the new District.*

4. PROGRAM MANAGEMENT AND CORPORATE OPERATIONS: \$ 60,750 - 16 %

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, accounting and legal work*

5. CONTINGENCY/RESERVE: \$ 15,387.00 - 4%

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

- *Delinquencies*
- *Reserves*
- *City and county administration costs*

Each of these programs and activities work together to create a more pleasing environment within the district that is conducive to strengthening the current and future economic vitality of this area through the attraction and retention of new business and increased commerce. The programs, improvements and services are designed to specifically benefit identified properties within the CBD boundaries. The proposed CBD assessments will only be levied on identified properties within the CBD boundaries and assessment revenues will be spent to deliver services that provide a direct and special benefit to assessed parcels and to improve the economic vitality of these properties.

General vs Special Benefit Analysis

As stipulated by Proposition 218, assessment District programs and activities confer a combination of general and special benefits to properties, but the only program benefits that can be assessed are those that provide special benefit to District properties. For the purposes of this analysis, a “general benefit” is hereby defined as: “A benefit to properties in the area and in the surrounding community or benefit to the public in general resulting from the improvement, activity, or service to be provided by the assessment levied”. “Special benefit” as defined by the California State Constitution means a distinct benefit over and above general benefits conferred on real property located in the District or to the public at large.

CBD programs and activities, in accordance with Article 13D Section 4 of the California State Constitution confer a combination of general and special benefits. Only program benefits which are attributed to special benefits conferred on the identified parcels can be funded through assessments. A portion of the program costs are considered attributable to general benefits and must be assigned a value.

It is the opinion of this Engineer that because all of the proposed programs and services are supplemental in nature and are limited to identified parcels only within the proposed district boundaries, that a general benefit value will be set at a relatively nominal rate of 3% of the total adjusted costs. Total adjusted costs include actual proposed assessment district program costs plus any additional supplemental or matching program costs as well as applied credits from sources such as start up grants, cash and in-kind service contributions for district formation and owners association Board/Committee member service credits. This leaves a value of 97% attributable to special benefit related costs. Since the total program cost is estimated at \$399,830 (see Year 1 Cost list in Step 5 later in this Report), the maximum special benefit portion which can be funded through property assessments is \$387,835. Remaining costs which are attributed to general benefits will need to be funded from other sources. (e.g. public/private matching grants, startup grants, in-kind service contributions for district formation, startup volunteer credits or ongoing board member volunteer credits). In the opinion of this Engineer, there are other identified revenue sources/credits that are part of the benefit analysis as delineated in Step 5 and 6 later in this Report.

Finding 3. From Section 4(a): “(Determine) the proportionate special benefit derived by each parcel in relationship to the entirety of the.....cost of public improvement(s) or the maintenance and operation expenses.....or the cost of the property related service being provided.

Each identified parcel within the district will be assessed based on property and development characteristics unique only to that parcel. The calculated assessment rates are applied to the actual measured parameters of each parcel and thereby are proportional to each and every other identified parcel within the district. Larger parcels and buildings and those located in Zone 1 are expected to impact the demand for services and programs to a greater extent than smaller ones and those within Zone 2 and thus are assigned a higher proportionate degree of assessment program and service costs. The proportionality is further achieved by setting targeted formula component weights for the respective parcel by parcel identified land and building attributes.

The proportionate special benefit cost for each parcel has been calculated based on optimum proportionate formula components and are each listed on Attachment 1 to this Report. The individual percentages (i.e. proportionate relationship to the total special benefit related program and activity costs) is computed by dividing the individual parcel assessment by the total special benefit program costs.

Finding 4. From Section 4(a): “No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel.”

Not only are the proposed program costs reasonable due to the benefit of group purchasing and contracting which would be possible through the Downtown San Leandro CBD, they are also considerably less than other options considered by the Downtown San Leandro CBD proponent group. The actual assessment rate for each parcel within the CBD directly relate to the level of service to be provided based on the respective amount of street frontage, building area, parcel size and location of each parcel. For residential condominiums, the assessment rate relates to the building pad area of each unit.

Finding 5. From Section 4(a): “Parcels.....that are owned or used by any (public) agency shall not be exempt from assessment.....”

Any publicly owned parcels within the CBD would also receive benefits commensurate with the assessments paid into the Downtown San Leandro CBD. There is no compelling evidence that publicly owned parcels do not benefit equally to privately owned parcels and, thus, would be assessed in the same manner and rates as private parcels in the CBD. The publically owned parcels are show in the chart below:

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	0.64%
City Of San Leandro	075 0001 004 00	1199	E 14th St	1	\$856.37	0.22%
City Of San Leandro	075 0001 005 00	212	Davis St	1	\$456.65	0.12%
City Of San Leandro	075 0001 006 00	222	Davis St	1	\$383.95	0.10%
City Of San Leandro	075 0001 008 02	250	Davis St	1	\$934.92	0.24%
City Of San Leandro	075 0001 010 02	290	Davis St	1	\$1,303.47	0.34%
City Of San Leandro	075 0016 015 01	384	W Estudillo Ave	2	\$3,520.09	0.92%
City Of San Leandro	075 0162 004 00		Arroyo Ave	1	\$2,877.82	0.75%
City Of San Leandro	077 0447 007 01		Hyde St	1	\$4,722.60	1.23%
City Of San Leandro	077 0545 009 00		Washington Ave	1	\$923.31	0.24%
City Of San Leandro	077 0545 010 00		Washington Ave	1	\$397.64	0.10%
City Of San Leandro	077 0545 063 00	1350	Washington Ave	1	\$672.85	0.17%
City Of San Leandro	077 0551 001 00		Callan Ave	2	\$10,061.62	2.62%
City Of San Leandro	077 0551 014 00	143	Callan St	1	\$513.81	0.13%
City Of San Leandro	077 0551 015 00		E 14th St.	1	\$1,650.54	0.43%
City Of San Leandro	077 0551 034 00	1366	E 14th St	1	\$3,617.54	0.94%
City Of San Leandro	077 0551 035 00	179	Estudillo Ave	1	\$438.02	0.11%
City Of San Leandro	077 0551 064 00	120	Estudillo Ave	1	\$4,948.31	1.29%
City Of San Leandro	077 0551 067 00		Estudillo Ave	1	\$439.19	0.11%
				Total	\$41,190.26	10.71%
SF Bay Area Rapid Transit Dist	075 0036 048 07		W Estudillo Ave	2	\$5,034.89	1.31%
SF Bay Area Rapid Transit Dist	075 0039 007 05		San Leandro Blvd	2	\$7,269.86	1.89%
SF Bay Area Rapid Transit Dist	075 0039 029 10		San Leandro Blvd	2	\$18,148.46	4.72%
				Total	\$30,453.21	7.92%
State Of California	075 0036 053 00		Davis St	2	\$982.15	0.26%
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	0.33%
				Total	\$2,341.12	0.61%
Successor Agency	075 0005 011 01	1595	Washington Ave	1	\$1,661.75	0.43%
Successor Agency	075 0005 012 00	268	Parrott St	1	\$801.54	0.21%
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	5.24%
Successor Agency	077 0545 015 00	135	W Joaquin Ave	1	\$272.89	0.07%
Successor Agency	077 0545 018 00	835	E 14th St	1	\$611.71	0.16%
Successor Agency	077 0545 024 01	1490	Washington Ave	1	\$2,147.95	0.56%
Successor Agency	077 0545 025 00	1446	Washington Ave	1	\$1,476.38	0.38%
Successor Agency	077 0545 026 02		Washington Ave	1	\$193.28	0.05%
				Total	\$27,540.45	7.16%

Finding 6. From Section 4(b): “All assessments must be supported by a detailed engineer’s report prepared by a registered professional engineer certified by the State of California”.

This report serves as the “detailed engineer’s report” to support the benefit property assessments proposed to be levied within the Downtown San Leandro CBD.

Finding 7. From Section 4(c): “The amount of the proposed assessment for each parcel shall be calculated (along with) the total amount thereof chargeable to the entire district, the duration of such payments, the reason for such assessment and the basis upon which the amount of the proposed assessment was calculated.”

The individual and total parcel assessments attributable to special property benefits are listed on Attachment 1 to this Report. The District and resultant assessment payments will continue for fifteen (15) years and may be renewed again at that time. The reasons for the proposed assessments are outlined in Finding 2 above as well as in the Management District Plan. The calculation basis of the proposed assessment is attributed in part to street frontage, building area, parcel size and location of each parcel. For residential condominiums, the assessment rate relates to the building pad area of each unit.

Assessment Formula Methodology

Step 1. Select “Basic Benefit Unit(s)”

CBD assessment formulas typically are based on street frontage, parcel size, building size and/or location, all of which relate to the amount of special benefit conferred on a particular parcel and the proportionate assessment to be paid. The formula may base assessments on a single factor or a combination of these factors.

Based on the specific needs and corresponding nature of the program activities to be funded by the Downtown San Leandro CBD, it is the opinion of this Assessment Engineer that the assessment factors on which to base assessment rates relate directly to the proportionate amount of street frontage, building area and land area. For residential condominiums, the assessment rate relates to the building pad area of each unit.

For commercial uses, the interactive application of street frontage, building area and land area quantities are a proven method of fairly and equitably spreading special benefit costs to these primary beneficiaries of CBD funded services, programs and improvements. Each of these factors directly relates to the degree of benefit each parcel will receive from CBD funded activities.

Street frontage is a direct measure of the static utilization of each parcel and its corresponding impact or draw on CBD funded activities such as sidewalk operations and beautification. In the opinion of this Assessment Engineer, the targeted weight of this factor, street frontage, should generate approximately 30% of the total CBD revenues. (30.4375% when adjusted). The actual assessment revenue projection of this formula element is \$117,087, all of which will be allocated to sidewalk operations.

Building area (gross) for commercial uses is a direct measure of the static utilization of each parcel and its corresponding impact or draw on CBD funded activities such as district identity. In the opinion of this Assessment Engineer, the targeted weight of this factor, building area, should generate approximately 15% of the total CBD revenues (12.9978% when adjusted). The actual assessment revenue projection of this formula element is \$50,000, all of which be allocated to district identity.

Land area is a direct measure of the current and future development capacity of each parcel and, again, its corresponding impact or draw on CBD funded activities such as administration/operations. In the opinion of this Assessment Engineer, the targeted weight of this factor, land area, should generate approximately 50% of the total CBD revenue (50.23006% when adjusted). The actual assessment revenue projection of this formula element is \$193,225, part of which will all be allocated each, to sidewalk operations, administration and contingency/reserve.

For residential condominium uses, the application of building pad area for each unit is a proven method of fairly and equitably spreading special benefit costs to these beneficiaries of CBD funded services, programs and improvements. The unit building pad area factors directly relates to the degree of benefit each residential condominium unit parcel will receive from CBD funded activities. In the opinion of this Assessment Engineer, the targeted weight of this factor, condominium building pad area, should generate approximately 5% of the total CBD revenue (6.33461% when adjusted). The actual assessment revenue projection of this formula element is \$24,368, all of which will all be allocated to enhanced residential improvements adjacent to residential condominium uses.

It is the finding of this Engineer that there are no land uses or ownership types within the CBD, other than as described above, that will either not benefit or receive diminished benefit from CBD funded programs and services and thus all parcels will be assessed at the same rates and in the same manner based on location. For residential condominiums, the assessment rate relates to the building pad area of each unit.

The “Basic Benefit Units” will be expressed as a combined function of Zone 1 street frontage (Benefit Unit “A-1”), Zone 2 street frontage (Benefit Unit “A-2”), Zone 1 and 2 commercial building square footage (Benefit Unit “B”), Zone 1 parcel size (Benefit Unit “C-1”), Zone 2 parcel size (Benefit Unit “C-2”) and for Zone 1 and 2 residential condominium building pad area (Benefit Unit “D”). Based on the shape of the Downtown San Leandro CBD, as well

as the nature of the District program elements, it is determined that all properties will gain a direct and proportionate degree of special benefit based on the respective amount of street frontage, building area and land area within two benefit zones. For residential condominiums, the assessment rate relates to the building pad area of each unit and is the same for both zones.

Step 2. Quantify Total Basic Benefit Units

Taking into account all identified benefiting properties and their respective assessable benefit units, there are 18,671 Benefit Units A-1, 15,605 Benefit Units A-2, 1,087,295 Benefit Units B, 1,567,763 Benefit Units C-1, 1,661,712 Benefit Units C-2 and 121,844 Benefit Units D.

Step 3. Calculate Benefit Units for Each Property.

The number of Benefit Units for each identified benefiting parcel within the Downtown San Leandro CBD was computed from data extracted from City and County Assessor records and maps. These data sources delineate current land uses, property areas and dimensions of record for each tax parcel. While it is understood that this data does not represent legal field survey measurements or detailed title search of recorded land subdivision maps or building records, it does provide an acceptable basis for the purpose of calculating property based assessments. All respective property data being used for assessment computations will be provided to each property owner in the CBD for their review. All known or reported discrepancies, errors or misinformation will be corrected.

Step 4. Determine Assessment Formula

Based on the nature of the programs to be funded as well as other rationale outlined in Step 1 above, it has been determined that the Downtown San Leandro CBD assessments will be based on the amount of street frontage, gross building area and land area of each parcel within two benefit zones. Assessments for residential condominiums will be based on the building pad area of each unit.

The assessment formula factors described above are set to uniquely fund each CBD program element as follows:

- Sidewalk Operations are funded 50% by street frontage revenues and 50% by land area revenues
- District Identity is funded 100% by building area revenues
- Enhanced Residential Improvements are funded 100% by residential condo building pad area revenues
- Administration is funded 100% by land area revenues
- Contingency/Reserve is funded 100% by land area revenue

Assessment Formula Unit Cost Calculations:

Zone 1 Street Frontage Rate

Street Frontage Rate (Benefit Unit "A-1") = 50% x \$153,666/18,671 = \$4.115098/LF

Zone 2 Street Frontage Rate

Street Frontage Rate (Benefit Unit "A-2") = $50\% \times \$80,511/15,605 = \$2.57962/LF$

Zone 1 and 2 Building Area Rate

Bldg Area Rate = (Benefit Unit "B") = $\$50,000/1,087,295 \text{ sq ft} = \$0.045985/SF$

Zone 1 Land Area Rate

Land Area Rate (Sidewalk Operations) = (Benefit Unit "C-1") = $50\% \times \$153,666/1,567,763 \text{ sq ft} = \$0.049008/SF$

Land Area Rate (Admin) = (Benefit Unit "C-1") = $\$60,750/3,229,475 \text{ sq ft} = \$0.018811/SF$

Land Area Rate (Contingency/Reserve) = (Benefit Unit "C-1") = $\$15,387/3,229,475 \text{ sq ft} = \$0.0047645/SF$

Total Land Rate = (Benefit Unit "C-1") = $\$0.049008/SF + \$0.018811/SF + \$0.0047645/SF = \$0.0725835/SF$

Zone 2 Land Area Rate

Land Area Rate (Sidewalk Operations) = (Benefit Unit "C-2") = $50\% \times \$80,511/1,661,712 \text{ sq ft} = \$0.024225/SF$

Land Area Rate (Admin) = (Benefit Unit "C-2") = $\$60,750/3,229,475 \text{ sq ft} = \$0.018811/SF$

Land Area Rate (Contingency/Reserve) = (Benefit Unit "C-2") = $\$15,387/3,229,475 \text{ sq ft} = \$0.0047645/SF$

Total Land Rate = (Benefit Unit "C-2") = $\$0.024225/SF + \$0.018811/SF + \$0.0047645/SF = \$0.0478005/SF$

Zone 1 and 2 Condo Building Area Rate

Condo Bldg Area Rate = (Benefit Unit "D") = $\$29,728.72/165,591 \text{ sq ft} = \$0.17953/SF$

Assessment Formula = Street Frontage x Street Frontage Rate, plus
Bldg Area x Bldg Area Rate, plus
Land Area x Land Area Rate

Assessment Formula for Residential Condominiums = Bldg Pad Area x Bldg Pad Area Rate

Added notes for special circumstances:

1. Future Residential condominium unit parcels will be assessed based on livable unit building pad area. All residential condominium parcels will be assessed based upon their verifiable building square foot size per condo.
2. Future ground floor commercial condos (retail or office) will be assessed based on actual land area covered, condo building pad area and direct street frontage for each unit. Because such uses are typically developed as part of a

multi-floor mixed-use complex, special methodologies are needed to address the levy of assessments on such land uses as delineated in 3A and 3B below.

3. Future Multi-floor mixed-use condominium uses will be assessed in accordance with the following assessment methodology:

A. Multi-Floor Commercial Only Condominiums

- Building pad area at respective building area rate
- Land area at land area rate but pro-rated for each unit based on ratio of unit building area to total building area
- Street frontage at respective street frontage rate but pro-rated for each unit based on ratio of unit building area to total building area

B. Mixed-Use Commercial Condos and Residential Condominiums

- Commercial building pad area at respective commercial building area rate and at residential condominium building rate for residential condominium building pad area
- Land area at land area rate (assessed on ground floor commercial condo parcels for actual land area covered)
- Street frontage at respective street frontage rate (assessed on ground floor commercial condo parcels for actual street frontage)

4. Other Future Development As future new development occurs within the District, current property characteristics and parcel configurations may also change. This may occur due new building construction, demolition and/or expansion as well as various land related modifications such as new subdivisions, lot line adjustments, reversions to acreage and parcel consolidations. In turn, individual parcel street frontage measurements, parcel sizes and building areas may also change. Any such modifications will result in recalculation of assessments for new and/or modified buildings and/or parcels based on the assessment rate in affect when such changes occur in accordance with future maximum rates and the assessment methodology delineated in this Report.

It is noted that any change in assessment formula methodology or rates other than as stipulated in this Report would require a new Proposition 218 ballot procedure in order to approve any such changes.

Step 5. Estimate Total District Costs

The total projected District revenues/expenditures for Year 1 of the CBD are as follow:

\$ 384,680 = CBD assessment funded programs

- \$ 2,000 = pro-rated initial formation cost credits (\$30,000/15 yrs)
- \$ 1,000 = pro-rated initial volunteer cost credits (50% of formation costs)
- \$ 12,150 = annual Board/Committee volunteer cost credits (20% of admin budget)
- \$ 399,830 = Total Year 1 CBD costs/credits

The Year 1 projected assessment revenue budget allocation is as follows:

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

Step 6. Separate General Benefits from Special Benefits and Related Costs (Prop 218)

All benefits derived from the assessments outlined in the Management District Plan are for supplemental services, programs and improvements directly benefiting the properties within this area. All CBD funded activities are provided solely to properties within the Downtown San Leandro CBD. All services will be delivered only within the boundaries and designed only for the direct special benefit of the assessed properties in the CBD. No services will be provided to non-assessed parcels outside the CBD boundaries.

Total program and activity costs are estimated at \$399,830. General benefits are factored at 3% of total (see Finding 2 in this report) with special benefits set at 97%. Proposition 218 limits the levy of property assessments to costs attributed to special benefits only. The 3% general benefit cost is computed to be \$15,150 with a resultant 97% special benefit limit computed at \$387,835. *This is the maximum amount of revenue that can be derived from property assessments from the subject district in the first year.* This maximum may increase on an annual basis in subsequent years (years 2 through 15) to adjust for inflation by 5% as described in the Management District Plan. The total amount of revenue proposed to be derived from district assessments is \$384,680 for Year 1, which does not exceed the special benefit limit of \$387,835. Therefore, no Proposition 218 adjustments need to be made to the proposed assessment formula. Remaining costs which are attributed to general benefits will need to be funded from other sources. (e.g. public/private matching grants, startup grants, in-kind service contributions for district formation, startup volunteer credits or ongoing board member volunteer credits).

Step 7. Calculate “Basic Unit Cost”

With a Year 1 assessment revenue of \$384680 (special benefit only), the Basic Unit Costs are shown above in Step 4. Since the CBD is being established for a fifteen year term, maximum assessments for future years (Years 2 through 15) must be set at the inception of the CBD. An annual flat inflationary rate increase of up to 5% may be imposed for Years 2-15. Therefore the maximum annual rates may not increase more than 5% of the previous year’s rates. The maximum projected maximum annual assessment revenue for Years 1-15 based on a maximum 5% annual increase is shown below:

Fiscal Year	Max Annual Assessment
FY 1	\$384,680.00
FY 2	\$403,914.00
FY 3	\$424,109.70
FY 4	\$445,315.19
FY 5	\$467,580.94
FY 6	\$490,959.99
FY 7	\$515,507.99
FY 8	\$541,283.39
FY 9	\$568,347.56
FY 10	\$596,764.94
FY 11	\$626,603.19
FY 12	\$657,933.34
FY 13	\$690,830.01
FY 14	\$725,371.51
FY 15	\$761,640.09

The projected program cost allocations for Years 1-15 are as follows:

	FY 1	FY 2	FY 3	FY 4	FY 5	FY 6	FY 7
Sidewalk Operations, Beautification	\$234,175	\$245,883	\$258,177	\$271,086	\$284,641	\$298,873	\$313,816
District Identity	\$50,000	\$52,500	\$55,125	\$57,881	\$60,775	\$63,814	\$67,004
Enhanced Residential Improvements	\$24,368	\$25,586	\$26,865	\$28,209	\$29,619	\$31,100	\$32,655
Program Management	\$60,750	\$63,787	\$66,976	\$70,325	\$73,842	\$77,534	\$81,410
Contingency	\$15,387	\$16,156	\$16,964	\$17,812	\$18,702	\$19,638	\$20,620

Total	\$384,680	\$403,914.00	\$424,109	\$445,315	\$467,580	\$490,959	\$515,507

	FY 8	FY 9	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
Sidewalk Operations, Beautification	\$329,507	\$345,983	\$363,282	\$381,446	\$400,518	\$420,544	\$441,571	\$442,623
District Identity	\$70,355	\$73,872	\$77,566	\$81,444	\$85,516	\$89,792	\$94,282	\$94,506
Enhanced Residential Improvements	\$34,288	\$36,002	\$37,802	\$39,692	\$41,677	\$43,761	\$45,949	\$46,058
Program Management	\$85,481	\$89,755	\$94,243	\$98,955	\$103,903	\$109,098	\$114,553	\$114,825
Contingency	\$21,651	\$22,733	\$23,870	\$25,063	\$26,316	\$27,632	\$29,014	\$29,083
Total	\$541,283	\$568,347	\$596,764	\$626,603	\$657,933	\$690,830	\$725,371	\$727,098

The maximum annual assessment rates for Years 1-15 are shown below:

		ZONE 1 MAX RATES			
Fiscal Year	Max Street Frontage Rate (\$/LF)	Max Bldg Area Rate (\$/SF Bldg)	Max Land Area Rate (\$/SF land)	Max Resid Condo Rate (\$/SF Bldg)	
FY 1	\$4.11509800	\$0.04598500	\$0.07258350	\$0.200000	
FY 2	\$4.32085290	\$0.04828425	\$0.07621268	\$0.210000	
FY 3	\$4.53689555	\$0.05069846	\$0.08002331	\$0.220500	
FY 4	\$4.76374032	\$0.05323339	\$0.08402447	\$0.231525	
FY 5	\$5.00192734	\$0.05589505	\$0.08822570	\$0.243101	
FY 6	\$5.25202371	\$0.05868981	\$0.09263698	\$0.255256	
FY 7	\$5.51462489	\$0.06162430	\$0.09726883	\$0.268019	
FY 8	\$5.79035614	\$0.06470551	\$0.10213227	\$0.281420	
FY 9	\$6.07987394	\$0.06794079	\$0.10723889	\$0.295491	
FY 10	\$6.38386764	\$0.07133783	\$0.11260083	\$0.310266	
FY 11	\$6.70306102	\$0.07490472	\$0.11823087	\$0.325779	
FY 12	\$7.03821407	\$0.07864996	\$0.12414242	\$0.342068	
FY 13	\$7.39012478	\$0.08258245	\$0.13034954	\$0.359171	
FY 14	\$7.75963101	\$0.08671158	\$0.13686701	\$0.377130	
FY 15	\$8.14761256	\$0.09104715	\$0.14371037	\$0.395986	
		ZONE 2 MAX RATES			
Fiscal Year	Max Street Frontage Rate (\$/LF)	Max Bldg Area Rate (\$/SF Bldg)	Max Land Area Rate (\$/SF land)	Max Resid Condo Rate (\$/SF Bldg)	

FY 1	\$2.57962000	\$0.04598500	\$0.04780050	\$0.200000
FY 2	\$2.70860100	\$0.04828425	\$0.05019053	\$0.210000
FY 3	\$2.84403105	\$0.05069846	\$0.05270005	\$0.220500
FY 4	\$2.98623260	\$0.05323339	\$0.05533505	\$0.231525
FY 5	\$3.13554423	\$0.05589505	\$0.05810181	\$0.243101
FY 6	\$3.29232144	\$0.05868981	\$0.06100690	\$0.255256
FY 7	\$3.45693752	\$0.06162430	\$0.06405724	\$0.268019
FY 8	\$3.62978439	\$0.06470551	\$0.06726010	\$0.281420
FY 9	\$3.81127361	\$0.06794079	\$0.07062311	\$0.295491
FY 10	\$4.00183729	\$0.07133783	\$0.07415426	\$0.310266
FY 11	\$4.20192916	\$0.07490472	\$0.07786198	\$0.325779
FY 12	\$4.41202561	\$0.07864996	\$0.08175508	\$0.342068
FY 13	\$4.63262690	\$0.08258245	\$0.08584283	\$0.359171
FY 14	\$4.86425824	\$0.08671158	\$0.09013497	\$0.377130
FY 15	\$5.10747115	\$0.09104715	\$0.09464172	\$0.395986

Step 8. Spread the Assessments

The resultant assessment spread calculation results for each parcel within the CBD are shown in Attachment 1 attached hereto and were determined by applying the District assessment formula to each identified benefiting property.

ATTACHMENT 1

Downtown San Leandro CBD Year 1 Assessments

APN	Assm't
075 0001 001 01	\$2,471.56
075 0001 002 02	\$1,530.64
075 0001 003 00	\$1,919.00
075 0001 004 00	\$856.37
075 0001 005 00	\$456.65
075 0001 006 00	\$383.95
075 0001 007 02	\$1,009.91
075 0001 008 02	\$934.92
075 0001 009 02	\$918.34
075 0001 010 02	\$1,303.47
075 0005 001 01	\$1,160.26
075 0005 002 01	\$0.00
075 0005 003 00	\$0.00
075 0005 004 00	\$0.00
075 0005 005 00	\$1,188.83
075 0005 006 00	\$640.72
075 0005 007 00	\$826.93
075 0005 008 00	\$757.38
075 0005 009 00	\$0.00
075 0005 011 01	\$1,661.75
075 0005 012 00	\$801.54
075 0005 013 02	\$553.90
075 0005 013 03	\$1,330.23
075 0005 014 00	\$0.00
075 0006 002 00	\$641.97
075 0006 003 00	\$2,003.97
075 0006 004 00	\$487.48
075 0006 005 01	\$0.00
075 0006 006 01	\$1,540.70
075 0006 011 00	\$0.00
075 0006 012 00	\$1,079.71
075 0006 013 00	\$0.00
075 0014 005 03	\$1,352.58
075 0014 006 00	\$1,225.19
075 0014 007 01	\$1,254.45
075 0014 015 01	\$2,652.67
075 0014 017 00	\$1,219.89
075 0014 018 00	\$1,904.65
075 0016 001 00	\$877.30
075 0016 005 02	\$2,960.05
075 0016 006 00	\$928.86

075 0016 007 03	\$2,496.84
075 0016 008 00	\$5,007.82
075 0016 009 00	\$1,173.23
075 0016 010 01	\$2,788.67
075 0016 013 00	\$1,460.83
075 0016 015 01	\$3,520.09
075 0018 003 02	\$427.73
075 0018 004 00	\$711.00
075 0018 008 00	\$334.40
075 0018 009 00	\$334.20
075 0018 010 00	\$293.60
075 0018 011 00	\$334.80
075 0018 012 00	\$334.20
075 0018 013 00	\$293.60
075 0018 014 00	\$345.60
075 0018 015 00	\$334.20
075 0018 016 00	\$293.60
075 0018 017 00	\$309.40
075 0018 018 00	\$334.20
075 0018 019 00	\$293.60
075 0018 020 00	\$429.00
075 0018 021 00	\$334.20
075 0018 022 00	\$293.60
075 0018 023 00	\$293.60
075 0018 024 00	\$293.60
075 0018 025 00	\$244.80
075 0018 026 00	\$286.20
075 0018 027 00	\$334.20
075 0018 028 00	\$244.80
075 0018 029 00	\$286.20
075 0018 030 00	\$334.20
075 0018 031 00	\$244.80
075 0018 032 00	\$286.20
075 0018 033 00	\$334.20
075 0018 034 00	\$293.60
075 0018 035 00	\$334.20
075 0018 036 00	\$286.20
075 0018 037 00	\$293.60
075 0018 038 00	\$334.20
075 0018 039 00	\$279.60
075 0018 040 00	\$293.60
075 0018 041 00	\$334.20

075 0018 042 00	\$265.20
075 0018 043 00	\$293.60
075 0018 044 00	\$334.20
075 0018 045 00	\$244.80
075 0018 048 00	\$236.40
075 0018 049 00	\$236.40
075 0018 050 00	\$236.40
075 0018 051 00	\$236.40
075 0018 052 00	\$236.00
075 0018 053 00	\$236.00
075 0018 054 00	\$236.00
075 0018 055 00	\$236.00
075 0018 056 00	\$236.00
075 0018 057 00	\$236.00
075 0018 058 00	\$236.00
075 0018 059 00	\$236.00
075 0018 060 00	\$247.20
075 0018 061 00	\$247.20
075 0018 062 00	\$247.20
075 0018 063 00	\$247.20
075 0018 064 00	\$236.00
075 0018 065 00	\$236.00
075 0018 066 00	\$236.00
075 0018 067 00	\$236.00
075 0018 068 00	\$236.40
075 0018 069 00	\$236.40
075 0018 070 00	\$236.40
075 0018 071 00	\$236.40
075 0018 072 00	\$236.40
075 0018 073 00	\$236.40
075 0018 074 00	\$236.40
075 0018 075 00	\$236.40
075 0018 076 00	\$401.00
075 0018 077 00	\$236.40
075 0018 078 00	\$236.40
075 0018 079 00	\$236.40
075 0018 080 00	\$236.00
075 0018 081 00	\$236.00
075 0018 082 00	\$236.00
075 0018 083 00	\$342.00
075 0018 084 00	\$236.40
075 0018 085 00	\$236.40
075 0018 086 00	\$236.40
075 0018 087 00	\$236.40
075 0018 088 00	\$236.40
075 0018 089 00	\$236.40
075 0019 001 01	\$5,772.34

075 0019 001 02	\$1,613.06
075 0036 010 07	\$1,638.44
075 0036 042 04	\$1,005.06
075 0036 043 00	\$0.00
075 0036 044 00	\$584.74
075 0036 045 00	\$577.61
075 0036 046 01	\$1,199.99
075 0036 047 04	\$3,483.60
075 0036 048 07	\$5,034.89
075 0036 053 00	\$982.15
075 0036 054 00	\$82.17
075 0036 055 00	\$1,276.80
075 0036 059 00	\$1,309.60
075 0036 060 00	\$731.31
075 0036 061 00	\$7,563.30
075 0039 006 06	\$6,317.59
075 0039 007 05	\$7,269.86
075 0039 014 02	\$0.00
075 0039 014 04	\$721.28
075 0039 015 00	\$0.00
075 0039 016 00	\$530.56
075 0039 023 00	\$474.04
075 0039 024 02	\$735.57
075 0039 025 02	\$329.74
075 0039 026 02	\$587.57
075 0039 029 10	\$18,148.46
075 0039 032 00	\$224.60
075 0039 033 00	\$224.60
075 0039 034 00	\$224.60
075 0039 035 00	\$224.60
075 0039 036 00	\$224.60
075 0039 037 00	\$224.60
075 0039 038 00	\$224.60
075 0039 039 00	\$224.60
075 0039 040 00	\$224.60
075 0039 041 00	\$224.60
075 0039 042 00	\$224.60
075 0047 002 00	\$3,312.30
075 0047 007 00	\$9,670.87
075 0050 003 01	\$10,234.87
075 0162 004 00	\$2,877.82
075 0226 003 00	\$2,256.52
075 0226 004 00	\$3,009.07
075 0226 005 01	\$6,239.19
075 0226 005 02	\$1,650.78
075 0226 005 03	\$718.58
075 0226 006 00	\$212.06

075 0226 008 00	\$2,368.28
075 0226 009 00	\$1,105.20
075 0226 010 00	\$20,162.89
077 0447 007 01	\$4,722.60
077 0447 014 06	\$3,416.91
077 0447 014 07	\$1,237.30
077 0447 015 06	\$2,435.74
077 0528 041 00	\$828.10
077 0528 042 00	\$1,093.87
077 0528 043 00	\$945.54
077 0528 044 01	\$687.53
077 0528 045 00	\$777.09
077 0528 046 05	\$1,679.52
077 0528 047 01	\$1,095.23
077 0529 029 00	\$643.98
077 0529 033 01	\$2,319.54
077 0529 034 00	\$507.55
077 0529 035 02	\$986.60
077 0530 025 01	\$2,407.18
077 0540 008 00	\$1,445.91
077 0540 009 00	\$8,967.65
077 0540 012 01	\$3,525.88
077 0545 007 00	\$1,156.13
077 0545 008 00	\$2,011.24
077 0545 009 00	\$923.31
077 0545 010 00	\$397.64
077 0545 013 04	\$1,347.07
077 0545 014 00	\$471.82
077 0545 015 00	\$272.89
077 0545 016 00	\$1,110.79
077 0545 017 00	\$1,154.49
077 0545 018 00	\$611.71
077 0545 019 00	\$1,407.08
077 0545 020 00	\$314.98
077 0545 021 00	\$447.30
077 0545 022 01	\$2,150.20
077 0545 024 01	\$2,147.95
077 0545 025 00	\$1,476.38
077 0545 026 02	\$193.28
077 0545 027 02	\$1,013.70
077 0545 028 00	\$309.70
077 0545 029 00	\$760.95
077 0545 030 00	\$1,636.17
077 0545 031 00	\$1,152.23
077 0545 032 01	\$8,377.60
077 0545 033 00	\$702.94
077 0545 034 00	\$1,467.66

077 0545 038 01	\$2,465.82
077 0545 039 00	\$1,172.62
077 0545 040 01	\$4,858.13
077 0545 041 00	\$178.34
077 0545 043 03	\$2,007.44
077 0545 044 01	\$2,305.72
077 0545 045 00	\$806.01
077 0545 046 00	\$795.27
077 0545 047 00	\$1,810.13
077 0545 048 00	\$342.19
077 0545 054 00	\$894.07
077 0545 055 02	\$777.29
077 0545 060 00	\$1,698.64
077 0545 061 00	\$1,706.79
077 0545 062 00	\$1,716.90
077 0545 063 00	\$672.85
077 0549 001 00	\$784.73
077 0549 002 00	\$455.55
077 0549 003 00	\$0.00
077 0549 004 00	\$0.00
077 0549 006 04	\$1,704.10
077 0549 007 00	\$0.00
077 0549 034 00	\$611.65
077 0550 001 03	\$1,926.78
077 0551 001 00	\$10,061.62
077 0551 005 00	\$3,336.20
077 0551 006 00	\$5,061.06
077 0551 007 00	\$1,331.43
077 0551 012 03	\$1,149.92
077 0551 014 00	\$513.81
077 0551 015 00	\$1,650.54
077 0551 029 00	\$729.75
077 0551 030 00	\$1,231.61
077 0551 031 00	\$713.01
077 0551 032 00	\$685.43
077 0551 034 00	\$3,617.54
077 0551 035 00	\$438.02
077 0551 036 00	\$1,852.38
077 0551 037 00	\$553.27
077 0551 038 00	\$1,153.21
077 0551 039 00	\$562.51
077 0551 041 01	\$1,525.27
077 0551 042 00	\$2,722.74
077 0551 045 00	\$1,484.83
077 0551 046 00	\$1,807.38
077 0551 047 00	\$927.89
077 0551 048 00	\$865.14

077 0551 049 00	\$804.86
077 0551 050 00	\$0.00
077 0551 051 00	\$722.40
077 0551 052 00	\$2,657.96
077 0551 053 00	\$4,953.80
077 0551 064 00	\$4,948.31
077 0551 065 03	\$4,157.29
077 0551 066 00	\$3,139.77
077 0551 067 00	\$439.19
077 0551 068 00	\$166.11

077 0551 069 00	\$127.66
077 0551 070 00	\$158.29
077 0551 071 00	\$322.09
077 0551 072 00	\$127.66
077 0551 073 00	\$189.93
077 0551 074 00	\$181.74
077 0551 075 00	\$237.11
077 0551 076 00	\$111.11
077 0551 077 00	\$251.64
TOTAL	\$384,680.42

open to the public as required by law; 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 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 CBD without imposing any changes to the CBD pursuant to Streets and Highways Code section 36624.

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.



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

Final Plan – April 2nd, 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) 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 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.

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.

Table 1
Downtown CBD FY 2013-14 Budget

Program or Service	% of Budget	Estimated Cost of Benefit
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	4%	\$ 15,387
Total First Year Budget	100%	\$ 384,680

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. 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.

Cost:

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:

<i>Linear Frontage costs:</i>	Benefit Zone 1 \$4.115098 per linear foot/year Benefit Zone 2 \$2.579620 per linear foot/year
<i>Building Square Footage costs:</i>	\$0.045985 per square foot/year
<i>Lot Size costs:</i>	Benefit Zone 1 \$0.0725835 per square foot/year Benefit Zone 2 \$0.0478005 per square foot/year
<i>Residential Condo costs:</i>	\$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>
Total:	\$ 384,680

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 \$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.

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

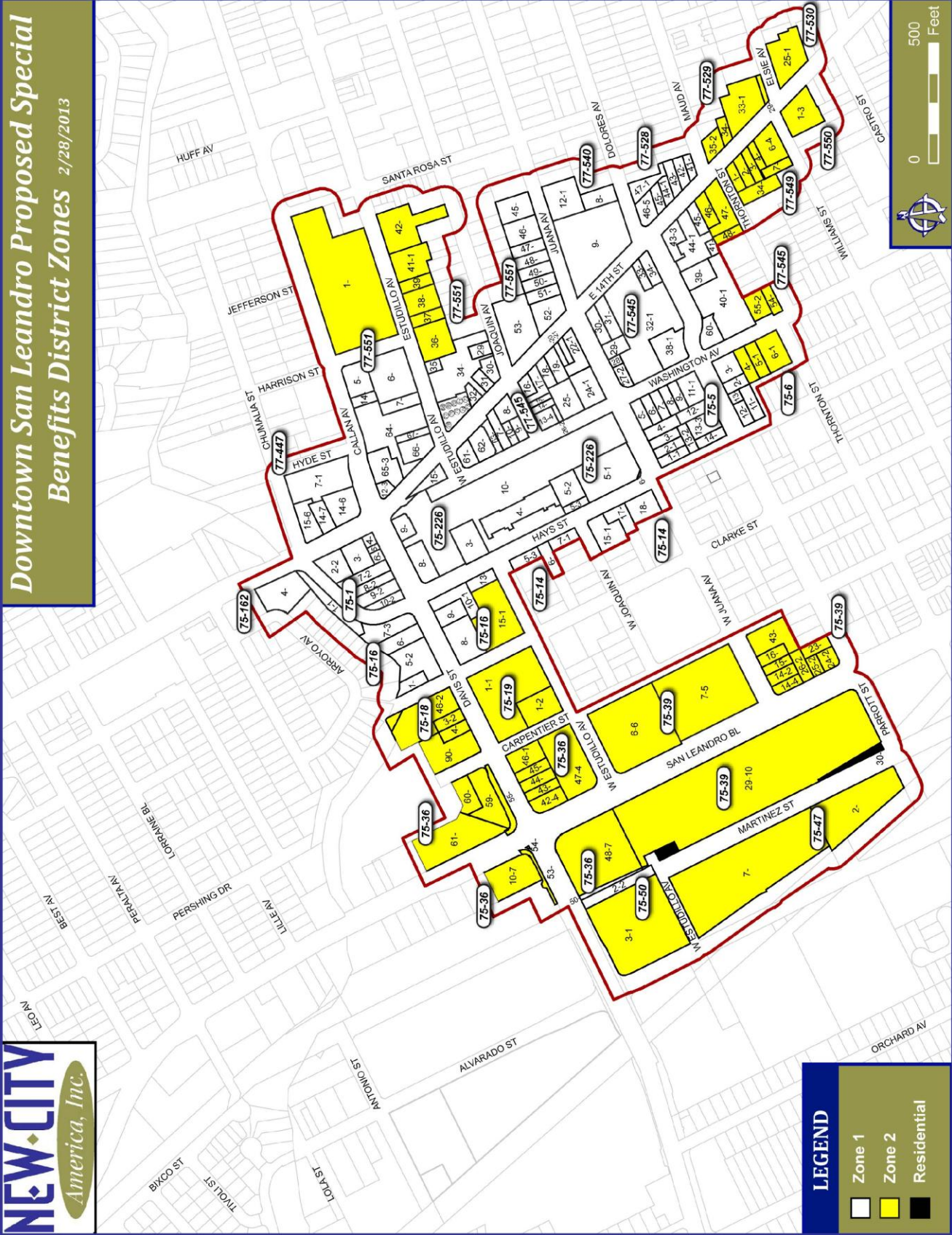
Downtown San Leandro Community Benefit District Boundaries

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.
- ***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 Thorton 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 2/28/2013



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

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.

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:*** This includes all private security services, beautification programs, sidewalk and gutter cleaning services, sidewalk steam cleaning services, graffiti removal, trash removal, as well as enhanced services between the curb and property lines of both Benefit Zones in the CBD. These services equal \$234,175 or 61% of the first year annual budget of the CBD.
2. ***District Identity and Streetscape Improvements:*** 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, and holiday decorations. These services equal \$50,000 or 13% of the first year annual budget of the CBD. NOTE: As new residential and commercial development occurs in the next fifteen years, this category of services may also include creation and maintenance of a CBD wide shuttle service between various Downtown locations and the San Leandro BART station. This special benefit service will be provided to the business and property owners, residents, visitors, employees and others that will benefit from this enhanced service.

3. **Enhanced Residential Improvements:** These services include, but are not limited to: enhanced beautification in blocks with 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. The largest growth in the Downtown anticipated over the next 15 years will likely be in market rate multi-family housing, whether it be in the form of apartments or residential condominiums.
4. **Program Management and Corporate Operations.** These services equal \$60,750 or 16% of the first year annual budget of the new district and will fund the oversight of all of the special benefit programs of the CBD including all administrative and advocacy services of the District Management Corporation.
5. **Contingency/Reserve.** This fund equals \$15,387 or 4% of the first year annual budget of the new district. This contingency anticipates an “historic” non-payment rate percentage of around 2 - 4%, and any City or County collection fees.

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	61%	\$ 234,175 <i>Benefit Zone 1 = \$153,666</i> <i>Benefit Zone 2 = \$ 80,511</i>
District Identity & Streetscape Improvements	13%	\$ 50,000
Enhanced Residential Improvements	6%	\$ 24,368
Program Management, Corporate Operations	16%	\$ 60,750
Contingency	4%	\$ 15,387
Total First Year Budget	100%	\$ 384,680

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 61%

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 <i>70 hours/week</i>	\$875/wk; \$45,500/yr <i>35 hours/week</i>	\$20,00/yr
Benefit Zone 2	\$480/wk; \$24,960/yr <i>24 hours/week</i>	\$625/wk; \$32,500/yr <i>25 hours/week</i>	\$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	\$15,366	\$153,666
Benefit Zone 2	<u>\$ 72,460</u>	<u>\$ 8,051</u>	<u>\$ 80,511</u>
Total	\$210,760	\$23,417	\$234,177

*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 13%

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*

	<i>Benefit Zone 1</i>	<i>Benefit Zone 2</i>
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: \$ 24.368 6%

Residential condos 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 include, but are not 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.*

Residential condo individually assessed parcels are 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, commencing the first year of the new District.*

4- Program Management And Corporate Operations: \$ 60,750 16 %

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: \$ 15,387.00 4%

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

- Delinquencies
- Reserves
- City and county administration costs

	Delinquencies	County costs
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	
Enhanced Residential Improvements	\$24,368.00	\$25,099.04	\$25,852.01	\$26,627.57	\$27,426.40	\$28,249.19	\$29,096.67	
Program Management	\$60,750.00	\$62,572.50	\$64,449.68	\$66,383.17	\$68,374.66	\$70,425.90	\$72,538.68	
Contingency	\$15,387.00	\$15,848.61	\$16,324.07	\$16,813.79	\$17,318.20	\$17,837.75	\$18,372.88	
Total	\$384,680.00	\$396,220.40	\$408,107.01	\$420,350.22	\$432,960.73	\$445,949.55	\$459,328.04	
	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
Enhanced Residential Improvements	\$29,969.57	\$30,868.65	\$31,794.71	\$32,748.55	\$33,731.01	\$34,742.94	\$35,785.23	\$36,858.79
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	\$18,924.07	\$19,491.79	\$20,076.54	\$20,678.84	\$21,299.21	\$21,938.18	\$22,596.33	\$23,274.22
Total	\$473,107.88	\$487,301.11	\$501,920.15	\$516,977.75	\$532,487.09	\$548,461.70	\$564,915.55	\$581,863.02

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):	\$117,087	31%
Building Square Footage:	\$50,000	13%
Lot Size:	\$193,225	50%
Residential Condos:	<u>\$24,368</u>	<u>6%</u>
Total:	\$384,680	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
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	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
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	61%
District Identity, Streetscape Improvements	\$ 50,000.00	13%
Residential Condo Enhanced Services	\$ 24,368.00	6%
Admin Corporate operations	\$ 60,750.00	16%
Contingency	\$ 15,572.00	4%
Total First Year Budget	\$ 384,680.00	100%

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 are defined on the County Assessor's parcel maps and were 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.

Residential Condo Unit Parcels Defined:

Condo Residential Unit 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.

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

Residential condo individually assessed parcels are assessed as a separate category. These 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 residential condos only for the building square footage rate is provided below.

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. 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 unit 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 residential condo individual assessed parcels since 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 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.

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:

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

Residential Condo Assessment:

The annual assessment method for a residential condo, regardless of Benefit Zone is:

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

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>
18,671 linear feet	1,567,763 sq. ft.	791,834 sq. ft.	0 sq. feet

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

<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>
15,605 linear feet	1,661,712 sq. ft.	295,461 sq. ft.	121,844 sq. ft.

Maximum Assessment:

Assessments will be subject to changes in the San Francisco - Oakland - San Jose Consumer Price Index for all urban consumers from February to February, 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	\$4.12	\$4.24	\$4.37	\$4.50	\$4.63
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	\$4.86	\$5.01	\$5.16	\$5.31	\$5.47
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	\$5.75	\$5.92	\$6.10	\$6.28	\$6.47
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 assesseees 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	0.64%
City Of San Leandro	075 0001 004 00	1199	E 14th St	1	\$856.37	0.22%
City Of San Leandro	075 0001 005 00	212	Davis St	1	\$456.65	0.12%
City Of San Leandro	075 0001 006 00	222	Davis St	1	\$383.95	0.10%
City Of San Leandro	075 0001 008 02	250	Davis St	1	\$934.92	0.24%
City Of San Leandro	075 0001 010 02	290	Davis St	1	\$1,303.47	0.34%
City Of San Leandro	075 0016 015 01	384	W Estudillo Ave	2	\$3,520.09	0.92%
City Of San Leandro	075 0162 004 00		Arroyo Ave	1	\$2,877.82	0.75%
City Of San Leandro	077 0447 007 01		Hyde St	1	\$4,722.60	1.23%
City Of San Leandro	077 0545 009 00		Washington Ave	1	\$923.31	0.24%
City Of San Leandro	077 0545 010 00		Washington Ave	1	\$397.64	0.10%
City Of San Leandro	077 0545 063 00	1350	Washington Ave	1	\$672.85	0.17%
City Of San Leandro	077 0551 001 00		Callan Ave	2	\$10,061.62	2.62%
City Of San Leandro	077 0551 014 00	143	Callan St	1	\$513.81	0.13%
City Of San Leandro	077 0551 015 00		E 14th St.	1	\$1,650.54	0.43%
City Of San Leandro	077 0551 034 00	1366	E 14th St	1	\$3,617.54	0.94%
City Of San Leandro	077 0551 035 00	179	Estudillo Ave	1	\$438.02	0.11%
City Of San Leandro	077 0551 064 00	120	Estudillo Ave	1	\$4,948.31	1.29%
City Of San Leandro	077 0551 067 00		Estudillo Ave	1	\$439.19	0.11%
				Total	\$41,190.26	10.71%
SF Bay Area Rapid Transit Dist	075 0036 048 07		W Estudillo Ave	2	\$5,034.89	1.31%
SF Bay Area Rapid Transit Dist	075 0039 007 05		San Leandro Blvd	2	\$7,269.86	1.89%
SF Bay Area Rapid Transit Dist	075 0039 029 10		San Leandro Blvd	2	\$18,148.46	4.72%
				Total	\$30,453.21	7.92%
State Of California	075 0036 053 00		Davis St	2	\$982.15	0.26%
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	0.33%
				Total	\$2,341.12	0.61%
Successor Agency	075 0005 011 01	1595	Washington Ave	1	\$1,661.75	0.43%
Successor Agency	075 0005 012 00	268	Parrott St	1	\$801.54	0.21%
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	5.24%
Successor Agency	077 0545 015 00	135	W Joaquin Ave	1	\$272.89	0.07%
Successor Agency	077 0545 018 00	835	E 14th St	1	\$611.71	0.16%
Successor Agency	077 0545 024 01	1490	Washington Ave	1	\$2,147.95	0.56%
Successor Agency	077 0545 025 00	1446	Washington Ave	1	\$1,476.38	0.38%
Successor Agency	077 0545 026 02		Washington Ave	1	\$193.28	0.05%
				Total	\$27,540.45	7.16%

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

APN	Assessment
075 0001 001 01	\$2,471.56
075 0001 002 02	\$1,530.64
075 0001 003 00	\$1,919.00
075 0001 004 00	\$856.37
075 0001 005 00	\$456.65
075 0001 006 00	\$383.95
075 0001 007 02	\$1,009.91
075 0001 008 02	\$934.92
075 0001 009 02	\$918.34
075 0001 010 02	\$1,303.47
075 0005 001 01	\$1,160.26
075 0005 002 01	\$0.00
075 0005 003 00	\$0.00
075 0005 004 00	\$0.00
075 0005 005 00	\$1,188.83
075 0005 006 00	\$640.72
075 0005 007 00	\$826.93
075 0005 008 00	\$757.38
075 0005 009 00	\$0.00
075 0005 011 01	\$1,661.75
075 0005 012 00	\$801.54
075 0005 013 02	\$553.90
075 0005 013 03	\$1,330.23
075 0005 014 00	\$0.00
075 0006 002 00	\$641.97
075 0006 003 00	\$2,003.97
075 0006 004 00	\$487.48
075 0006 005 01	\$0.00
075 0006 006 01	\$1,540.70
075 0006 011 00	\$0.00
075 0006 012 00	\$1,079.71
075 0006 013 00	\$0.00
075 0014 005 03	\$1,352.58
075 0014 006 00	\$1,225.19
075 0014 007 01	\$1,254.45
075 0014 015 01	\$2,652.67
075 0014 017 00	\$1,219.89
075 0014 018 00	\$1,904.65
075 0016 001 00	\$877.30
075 0016 005 02	\$2,960.05
075 0016 006 00	\$928.86
075 0016 007 03	\$2,496.84
075 0016 008 00	\$5,007.82
075 0016 009 00	\$1,173.23
075 0016 010 01	\$2,788.67
075 0016 013 00	\$1,460.83
075 0016 015 01	\$3,520.09
075 0018 003 02	\$427.73

075 0018 004 00	\$711.00
075 0018 008 00	\$334.40
075 0018 009 00	\$334.20
075 0018 010 00	\$293.60
075 0018 011 00	\$334.80
075 0018 012 00	\$334.20
075 0018 013 00	\$293.60
075 0018 014 00	\$345.60
075 0018 015 00	\$334.20
075 0018 016 00	\$293.60
075 0018 017 00	\$309.40
075 0018 018 00	\$334.20
075 0018 019 00	\$293.60
075 0018 020 00	\$429.00
075 0018 021 00	\$334.20
075 0018 022 00	\$293.60
075 0018 023 00	\$293.60
075 0018 024 00	\$293.60
075 0018 025 00	\$244.80
075 0018 026 00	\$286.20
075 0018 027 00	\$334.20
075 0018 028 00	\$244.80
075 0018 029 00	\$286.20
075 0018 030 00	\$334.20
075 0018 031 00	\$244.80
075 0018 032 00	\$286.20
075 0018 033 00	\$334.20
075 0018 034 00	\$293.60
075 0018 035 00	\$334.20
075 0018 036 00	\$286.20
075 0018 037 00	\$293.60
075 0018 038 00	\$334.20
075 0018 039 00	\$279.60
075 0018 040 00	\$293.60
075 0018 041 00	\$334.20
075 0018 042 00	\$265.20
075 0018 043 00	\$293.60
075 0018 044 00	\$334.20
075 0018 045 00	\$244.80
075 0018 048 00	\$236.40
075 0018 049 00	\$236.40
075 0018 050 00	\$236.40
075 0018 051 00	\$236.40
075 0018 052 00	\$236.00
075 0018 053 00	\$236.00
075 0018 054 00	\$236.00
075 0018 055 00	\$236.00
075 0018 056 00	\$236.00
075 0018 057 00	\$236.00
075 0018 058 00	\$236.00

075 0018 059 00	\$236.00	075 0039 014 04	\$721.28
075 0018 060 00	\$247.20	075 0039 015 00	\$0.00
075 0018 061 00	\$247.20	075 0039 016 00	\$530.56
075 0018 062 00	\$247.20	075 0039 023 00	\$474.04
075 0018 063 00	\$247.20	075 0039 024 02	\$735.57
075 0018 064 00	\$236.00	075 0039 025 02	\$329.74
075 0018 065 00	\$236.00	075 0039 026 02	\$587.57
075 0018 066 00	\$236.00	075 0039 029 10	\$18,148.46
075 0018 067 00	\$236.00	075 0039 032 00	\$224.60
075 0018 068 00	\$236.40	075 0039 033 00	\$224.60
075 0018 069 00	\$236.40	075 0039 034 00	\$224.60
075 0018 070 00	\$236.40	075 0039 035 00	\$224.60
075 0018 071 00	\$236.40	075 0039 036 00	\$224.60
075 0018 072 00	\$236.40	075 0039 037 00	\$224.60
075 0018 073 00	\$236.40	075 0039 038 00	\$224.60
075 0018 074 00	\$236.40	075 0039 039 00	\$224.60
075 0018 075 00	\$236.40	075 0039 040 00	\$224.60
075 0018 076 00	\$401.00	075 0039 041 00	\$224.60
075 0018 077 00	\$236.40	075 0039 042 00	\$224.60
075 0018 078 00	\$236.40	075 0047 002 00	\$3,312.30
075 0018 079 00	\$236.40	075 0047 007 00	\$9,670.87
075 0018 080 00	\$236.00	075 0050 003 01	\$10,234.87
075 0018 081 00	\$236.00	075 0162 004 00	\$2,877.82
075 0018 082 00	\$236.00	075 0226 003 00	\$2,256.52
075 0018 083 00	\$342.00	075 0226 004 00	\$3,009.07
075 0018 084 00	\$236.40	075 0226 005 01	\$6,239.19
075 0018 085 00	\$236.40	075 0226 005 02	\$1,650.78
075 0018 086 00	\$236.40	075 0226 005 03	\$718.58
075 0018 087 00	\$236.40	075 0226 006 00	\$212.06
075 0018 088 00	\$236.40	075 0226 008 00	\$2,368.28
075 0018 089 00	\$236.40	075 0226 009 00	\$1,105.20
075 0019 001 01	\$5,772.34	075 0226 010 00	\$20,162.89
075 0019 001 02	\$1,613.06	077 0447 007 01	\$4,722.60
075 0036 010 07	\$1,638.44	077 0447 014 06	\$3,416.91
075 0036 042 04	\$1,005.06	077 0447 014 07	\$1,237.30
075 0036 043 00	\$0.00	077 0447 015 06	\$2,435.74
075 0036 044 00	\$584.74	077 0528 041 00	\$828.10
075 0036 045 00	\$577.61	077 0528 042 00	\$1,093.87
075 0036 046 01	\$1,199.99	077 0528 043 00	\$945.54
075 0036 047 04	\$3,483.60	077 0528 044 01	\$687.53
075 0036 048 07	\$5,034.89	077 0528 045 00	\$777.09
075 0036 053 00	\$982.15	077 0528 046 05	\$1,679.52
075 0036 054 00	\$82.17	077 0528 047 01	\$1,095.23
075 0036 055 00	\$1,276.80	077 0529 029 00	\$643.98
075 0036 059 00	\$1,309.60	077 0529 033 01	\$2,319.54
075 0036 060 00	\$731.31	077 0529 034 00	\$507.55
075 0036 061 00	\$7,563.30	077 0529 035 02	\$986.60
075 0039 006 06	\$6,317.59	077 0530 025 01	\$2,407.18
075 0039 007 05	\$7,269.86	077 0540 008 00	\$1,445.91
075 0039 014 02	\$0.00	077 0540 009 00	\$8,967.65

077 0540 012 01	\$3,525.88	077 0551 001 00	\$10,061.62
077 0545 007 00	\$1,156.13	077 0551 005 00	\$3,336.20
077 0545 008 00	\$2,011.24	077 0551 006 00	\$5,061.06
077 0545 009 00	\$923.31	077 0551 007 00	\$1,331.43
077 0545 010 00	\$397.64	077 0551 012 03	\$1,149.92
077 0545 013 04	\$1,347.07	077 0551 014 00	\$513.81
077 0545 014 00	\$471.82	077 0551 015 00	\$1,650.54
077 0545 015 00	\$272.89	077 0551 029 00	\$729.75
077 0545 016 00	\$1,110.79	077 0551 030 00	\$1,231.61
077 0545 017 00	\$1,154.49	077 0551 031 00	\$713.01
077 0545 018 00	\$611.71	077 0551 032 00	\$685.43
077 0545 019 00	\$1,407.08	077 0551 034 00	\$3,617.54
077 0545 020 00	\$314.98	077 0551 035 00	\$438.02
077 0545 021 00	\$447.30	077 0551 036 00	\$1,852.38
077 0545 022 01	\$2,150.20	077 0551 037 00	\$553.27
077 0545 024 01	\$2,147.95	077 0551 038 00	\$1,153.21
077 0545 025 00	\$1,476.38	077 0551 039 00	\$562.51
077 0545 026 02	\$193.28	077 0551 041 01	\$1,525.27
077 0545 027 02	\$1,013.70	077 0551 042 00	\$2,722.74
077 0545 028 00	\$309.70	077 0551 045 00	\$1,484.83
077 0545 029 00	\$760.95	077 0551 046 00	\$1,807.38
077 0545 030 00	\$1,636.17	077 0551 047 00	\$927.89
077 0545 031 00	\$1,152.23	077 0551 048 00	\$865.14
077 0545 032 01	\$8,377.60	077 0551 049 00	\$804.86
077 0545 033 00	\$702.94	077 0551 050 00	\$0.00
077 0545 034 00	\$1,467.66	077 0551 051 00	\$722.40
077 0545 038 01	\$2,465.82	077 0551 052 00	\$2,657.96
077 0545 039 00	\$1,172.62	077 0551 053 00	\$4,953.80
077 0545 040 01	\$4,858.13	077 0551 064 00	\$4,948.31
077 0545 041 00	\$178.34	077 0551 065 03	\$4,157.29
077 0545 043 03	\$2,007.44	077 0551 066 00	\$3,139.77
077 0545 044 01	\$2,305.72	077 0551 067 00	\$439.19
077 0545 045 00	\$806.01	077 0551 068 00	\$166.11
077 0545 046 00	\$795.27	077 0551 069 00	\$127.66
077 0545 047 00	\$1,810.13	077 0551 070 00	\$158.29
077 0545 048 00	\$342.19	077 0551 071 00	\$322.09
077 0545 054 00	\$894.07	077 0551 072 00	\$127.66
077 0545 055 02	\$777.29	077 0551 073 00	\$189.93
077 0545 060 00	\$1,698.64	077 0551 074 00	\$181.74
077 0545 061 00	\$1,706.79	077 0551 075 00	\$237.11
077 0545 062 00	\$1,716.90	077 0551 076 00	\$111.11
077 0545 063 00	\$672.85	077 0551 077 00	\$251.64
077 0549 001 00	\$784.73	TOTAL	\$384,680.42
077 0549 002 00	\$455.55		
077 0549 003 00	\$0.00		
077 0549 004 00	\$0.00		
077 0549 006 04	\$1,704.10		
077 0549 007 00	\$0.00		
077 0549 034 00	\$611.65		
077 0550 001 03	\$1,926.78		

Downtown San Leandro Community Benefit District

**CITY OF SAN LEANDRO
CALIFORNIA**

DISTRICT ASSESSMENT ENGINEER'S REPORT

*Prepared by
Edward V. Henning,
California Registered Professional Engineer # 26549
Edward Henning & Associates*

April 1, 2013

DISTRICT ASSESSMENT ENGINEER'S REPORT

To Whom It May Concern:

I hereby certify to the best of my professional knowledge and experience that each of the identified benefiting properties located within the proposed Downtown San Leandro Community Management District being established for fifteen (15) years will receive a special benefit over and above the benefits conferred on the public at large and that the amount of the proposed assessment is proportional to, and no greater than the benefits conferred on each respective property.

Prepared by Edward V. Henning, California Registered Professional Engineer # 26549



A handwritten signature in black ink, appearing to read "Edward V. Henning", written over a horizontal line.

RPE #26549

April 1, 2013

Edward V. Henning

Date

(NOT VALID WITHOUT SIGNATURE AND CERTIFICATION SEAL HERE)

Introduction

This report shall serve as the “detailed engineer’s report” required by Section 4(b) of Article XIID of the California Constitution (Proposition 218) to support the special assessments proposed to be levied for a 15 year period on parcels of real property included within the proposed Downtown San Leandro Community Benefit District (Downtown San Leandro CBD) in the City of San Leandro, California. The discussion and analysis contained within this report supports the conclusions that both the required “nexus” and proportionality exist between the assessment amounts proposed to be levied and the special benefits that will be derived by the identified properties included within the proposed Downtown San Leandro CBD.

Background

The Downtown San Leandro Community Benefit District (“CBD”) is a property-based special assessment district being established in San Leandro pursuant to San Leandro Community Benefit District Ordinance, Title 2, Chapter 2-20 of the San Leandro Municipal Code modeled after Section 36600 *et seq.* of the California Streets and Highways Code, known as the Property and Business Improvement District Law of 1994 (the “Act”). To satisfy the constitutional requirements for assessments on property imposed by Proposition 218, the costs of the services, activities and improvements in the district to be funded by assessments ("district programs") are to be distributed amongst all the identified properties based on the proportional benefit each parcel is expected to derive from the district programs. Within the Act, Proposition 218 and the Proposition 218 Omnibus Implementation Act, frequent references are made to the relative “special benefit” received from the district programs versus the amount of the assessment levied, which incorporate the concepts of "nexus" and "proportionality" that are required to levy assessments on property within a special assessment district. "Nexus" requires that only those properties expected to derive special benefits from the district programs may be assessed. "Proportionality" requires that, for each assessed property, the assessment be only in an amount proportional to that parcel’s share of the reasonable costs of providing the relative special benefits expected to be conferred on that parcel.

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 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. Quantity takeoffs for each parcel are then measured or otherwise ascertained. From these figures, the amount of benefit units to be assigned to each property can be calculated. Special circumstances such as unique geography, land uses, development constraints etc. are carefully reviewed relative to specific programs and improvements to be funded by the CBD in order to determine any levels of diminished benefit which may apply on a parcel-by-parcel or categorical basis.

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 ancillary program costs, are estimated. It is noted, as stipulated in Proposition 218, and now required of all property based assessment Districts, indirect or general benefits may not be incorporated into the assessment formula and levied on the District properties; 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, Proposition 218 no longer automatically exempts government owned property from being assessed and if special benefit is determined to be conferred upon such properties, they must be assessed in proportion to special benefits conferred in a manner similar to privately owned property assessments.

From this, 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. The amount of assessment for each identified parcel can be computed at this time by multiplying the Net Unit Cost times the number of Basic Benefit Units per identified parcel. This is known as “spreading the assessment” or the “assessment spread” in that all costs are allocated proportionally or “spread” amongst all identified properties within the CBD.

The method and basis of spreading program costs varies from one CBD to another based on local conditions, types of programs and activities proposed, and size and development complexity of the CBD.

Supplemental Proposition 218 Procedures and Requirements

Proposition 218, approved by the voters of California in November of 1996, adds a supplemental array of procedures and requirements to be carried out prior to levying a property-based assessment like the Downtown San Leandro CBD. These requirements are in addition to requirements imposed by State and local assessment enabling laws. These requirements were “chaptered” into law as Article XIID of the California Constitution.

Since Prop 218 provisions will affect all subsequent calculations to be made in the final assessment formula for the Downtown San Leandro CBD, Prop 218 requirements will be taken into account. The key provisions of Prop 218 along with a description of how the Downtown San Leandro CBD complies with each of these provisions are delineated below.

(Note: All section references below pertain to Article XIII of the California Constitution):

Finding 1. From Section 4(a): “Identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed”

There are 286 parcels within the proposed Downtown San Leandro CBD of which 273 are “identified” assessable individual parcels that will derive special benefit from the proposed District programs and activities. The benefits are special and unique only to the identified properties within the proposed District because programs and services will only be provided directly for the identified properties. All CBD parcels are identified by assessor parcel number and shown on the Boundary Map in the Management District Plan and are listed in Attachment 1 to this Report.

The boundaries of the Downtown San Leandro CBD generally are described 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, thence 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 west along the Creek 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.
- *Southern Boundary:* Starting at the corner of Parrott and Alvarado Streets, at parcel 75-47-002, thence east 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 Thorton 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, thence 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 in the MDP for exact boundaries), 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, thence north along the east side of Alvarado Street to the parcel at the southeastern corner of Davis Street and Alvarado, parcel 75-50-3-1.

There are two Benefit Zones within the Downtown San Leandro CBD.

All parcels within the above-described boundaries shall be assessed to fund special benefit services, programs and improvements as outlined in this report. CBD funded programs will only be provided to properties inside the District boundaries – none outside.

Finding 2. From Section 4(a): “Separate general benefits from the special benefits conferred on parcel(s). Only special benefits are assessable. “

The property uses within the boundaries of the Downtown San Leandro CBD are a mix of office, retail, service, parking, government and residential condominiums. Services, programs and improvements provided by the District are primarily designed to provide special benefits to all parcels within the boundaries of the district. Existing City of San Leandro services will be enhanced, not replaced or duplicated, by the new CBD services. In the case of the

Downtown San Leandro CBD, the very nature of the purpose of this District is to fund supplemental programs, improvements and services within the CBD boundaries above and beyond what is being currently funded either via normal tax supported methods or other funding sources. These services, programs and improvements, are designed to enhance the commercial core uses, increase tenancy and marketing of the commercial entities in the CBD and improve the aesthetic appearance of the CBD as a whole. In addition, special services are provided for residential condominiums. All benefits derived from the assessments to be levied on parcels within the CBD are for services, programs and improvements directly benefiting the property and business owners and residents within this area and support increased cleanliness, commerce, business attraction and retention, increased property rental income and improved District identity. No services will be provided beyond the CBD boundaries. The proposed services, programs and improvements which will provide special benefit to the properties within the CBD boundaries are described below:

1. SIDEWALK OPERATIONS , BEAUTIFICATION, AND ORDER : \$ 234,175 - 61%

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 and homeless encampments*
- *Timely graffiti removal, within 24 hours as necessary*
- *Tree and vegetation planting and maintenance*
- *Special events maintenance and security*
- *Quarterly sidewalk steam cleaning*

2. DISTRICT IDENTITY/VISITOR ATTRACTION: \$ 50,000 - 13%

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*

3. ENHANCED RESIDENTIAL IMPROVEMENTS: \$ 24,368 - 6%

Residential condos will be assessed separately due to their unique parcel status and special benefit needs in the district. Residential condo blocks will have the following special benefit services provided along their parcel frontages. These services include, but are not 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.*

Residential condo individually assessed parcels are 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, commencing the first year of the new District.*

4. PROGRAM MANAGEMENT AND CORPORATE OPERATIONS: \$ 60,750 - 16 %

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, accounting and legal work*

5. CONTINGENCY/RESERVE: \$ 15,387.00 - 4%

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

- *Delinquencies*
- *Reserves*
- *City and county administration costs*

Each of these programs and activities work together to create a more pleasing environment within the district that is conducive to strengthening the current and future economic vitality of this area through the attraction and retention of new business and increased commerce. The programs, improvements and services are designed to specifically benefit identified properties within the CBD boundaries. The proposed CBD assessments will only be levied on identified properties within the CBD boundaries and assessment revenues will be spent to deliver services that provide a direct and special benefit to assessed parcels and to improve the economic vitality of these properties.

General vs Special Benefit Analysis

As stipulated by Proposition 218, assessment District programs and activities confer a combination of general and special benefits to properties, but the only program benefits that can be assessed are those that provide special benefit to District properties. For the purposes of this analysis, a “general benefit” is hereby defined as: “A benefit to properties in the area and in the surrounding community or benefit to the public in general resulting from the improvement, activity, or service to be provided by the assessment levied”. “Special benefit” as defined by the California State Constitution means a distinct benefit over and above general benefits conferred on real property located in the District or to the public at large.

CBD programs and activities, in accordance with Article 13D Section 4 of the California State Constitution confer a combination of general and special benefits. Only program benefits which are attributed to special benefits conferred on the identified parcels can be funded through assessments. A portion of the program costs are considered attributable to general benefits and must be assigned a value.

It is the opinion of this Engineer that because all of the proposed programs and services are supplemental in nature and are limited to identified parcels only within the proposed district boundaries, that a general benefit value will be set at a relatively nominal rate of 3% of the total adjusted costs. Total adjusted costs include actual proposed assessment district program costs plus any additional supplemental or matching program costs as well as applied credits from sources such as start up grants, cash and in-kind service contributions for district formation and owners association Board/Committee member service credits. This leaves a value of 97% attributable to special benefit related costs. Since the total program cost is estimated at \$399,830 (see Year 1 Cost list in Step 5 later in this Report), the maximum special benefit portion which can be funded through property assessments is \$387,835. Remaining costs which are attributed to general benefits will need to be funded from other sources. (e.g. public/private matching grants, startup grants, in-kind service contributions for district formation, startup volunteer credits or ongoing board member volunteer credits). In the opinion of this Engineer, there are other identified revenue sources/credits that are part of the benefit analysis as delineated in Step 5 and 6 later in this Report.

Finding 3. From Section 4(a): “(Determine) the proportionate special benefit derived by each parcel in relationship to the entirety of the.....cost of public improvement(s) or the maintenance and operation expenses.....or the cost of the property related service being provided.

Each identified parcel within the district will be assessed based on property and development characteristics unique only to that parcel. The calculated assessment rates are applied to the actual measured parameters of each parcel and thereby are proportional to each and every other identified parcel within the district. Larger parcels and buildings and those located in Zone 1 are expected to impact the demand for services and programs to a greater extent than smaller ones and those within Zone 2 and thus are assigned a higher proportionate degree of assessment program and service costs. The proportionality is further achieved by setting targeted formula component weights for the respective parcel by parcel identified land and building attributes.

The proportionate special benefit cost for each parcel has been calculated based on optimum proportionate formula components and are each listed on Attachment 1 to this Report. The individual percentages (i.e. proportionate relationship to the total special benefit related program and activity costs) is computed by dividing the individual parcel assessment by the total special benefit program costs.

Finding 4. From Section 4(a): “No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel.”

Not only are the proposed program costs reasonable due to the benefit of group purchasing and contracting which would be possible through the Downtown San Leandro CBD, they are also considerably less than other options considered by the Downtown San Leandro CBD proponent group. The actual assessment rate for each parcel within the CBD directly relate to the level of service to be provided based on the respective amount of street frontage, building area, parcel size and location of each parcel. For residential condominiums, the assessment rate relates to the building pad area of each unit.

Finding 5. From Section 4(a): “Parcels.....that are owned or used by any (public) agency shall not be exempt from assessment.....”

Any publicly owned parcels within the CBD would also receive benefits commensurate with the assessments paid into the Downtown San Leandro CBD. There is no compelling evidence that publicly owned parcels do not benefit equally to privately owned parcels and, thus, would be assessed in the same manner and rates as private parcels in the CBD. The publically owned parcels are show in the chart below:

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	0.64%
City Of San Leandro	075 0001 004 00	1199	E 14th St	1	\$856.37	0.22%
City Of San Leandro	075 0001 005 00	212	Davis St	1	\$456.65	0.12%
City Of San Leandro	075 0001 006 00	222	Davis St	1	\$383.95	0.10%
City Of San Leandro	075 0001 008 02	250	Davis St	1	\$934.92	0.24%
City Of San Leandro	075 0001 010 02	290	Davis St	1	\$1,303.47	0.34%
City Of San Leandro	075 0016 015 01	384	W Estudillo Ave	2	\$3,520.09	0.92%
City Of San Leandro	075 0162 004 00		Arroyo Ave	1	\$2,877.82	0.75%
City Of San Leandro	077 0447 007 01		Hyde St	1	\$4,722.60	1.23%
City Of San Leandro	077 0545 009 00		Washington Ave	1	\$923.31	0.24%
City Of San Leandro	077 0545 010 00		Washington Ave	1	\$397.64	0.10%
City Of San Leandro	077 0545 063 00	1350	Washington Ave	1	\$672.85	0.17%
City Of San Leandro	077 0551 001 00		Callan Ave	2	\$10,061.62	2.62%
City Of San Leandro	077 0551 014 00	143	Callan St	1	\$513.81	0.13%
City Of San Leandro	077 0551 015 00		E 14th St.	1	\$1,650.54	0.43%
City Of San Leandro	077 0551 034 00	1366	E 14th St	1	\$3,617.54	0.94%
City Of San Leandro	077 0551 035 00	179	Estudillo Ave	1	\$438.02	0.11%
City Of San Leandro	077 0551 064 00	120	Estudillo Ave	1	\$4,948.31	1.29%
City Of San Leandro	077 0551 067 00		Estudillo Ave	1	\$439.19	0.11%
				Total	\$41,190.26	10.71%
SF Bay Area Rapid Transit Dist	075 0036 048 07		W Estudillo Ave	2	\$5,034.89	1.31%
SF Bay Area Rapid Transit Dist	075 0039 007 05		San Leandro Blvd	2	\$7,269.86	1.89%
SF Bay Area Rapid Transit Dist	075 0039 029 10		San Leandro Blvd	2	\$18,148.46	4.72%
				Total	\$30,453.21	7.92%
State Of California	075 0036 053 00		Davis St	2	\$982.15	0.26%
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	0.33%
				Total	\$2,341.12	0.61%
Successor Agency	075 0005 011 01	1595	Washington Ave	1	\$1,661.75	0.43%
Successor Agency	075 0005 012 00	268	Parrott St	1	\$801.54	0.21%
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	5.24%
Successor Agency	077 0545 015 00	135	W Joaquin Ave	1	\$272.89	0.07%
Successor Agency	077 0545 018 00	835	E 14th St	1	\$611.71	0.16%
Successor Agency	077 0545 024 01	1490	Washington Ave	1	\$2,147.95	0.56%
Successor Agency	077 0545 025 00	1446	Washington Ave	1	\$1,476.38	0.38%
Successor Agency	077 0545 026 02		Washington Ave	1	\$193.28	0.05%
				Total	\$27,540.45	7.16%

Finding 6. From Section 4(b): “All assessments must be supported by a detailed engineer’s report prepared by a registered professional engineer certified by the State of California”.

This report serves as the “detailed engineer’s report” to support the benefit property assessments proposed to be levied within the Downtown San Leandro CBD.

Finding 7. From Section 4(c): “The amount of the proposed assessment for each parcel shall be calculated (along with) the total amount thereof chargeable to the entire district, the duration of such payments, the reason for such assessment and the basis upon which the amount of the proposed assessment was calculated.”

The individual and total parcel assessments attributable to special property benefits are listed on Attachment 1 to this Report. The District and resultant assessment payments will continue for fifteen (15) years and may be renewed again at that time. The reasons for the proposed assessments are outlined in Finding 2 above as well as in the Management District Plan. The calculation basis of the proposed assessment is attributed in part to street frontage, building area, parcel size and location of each parcel. For residential condominiums, the assessment rate relates to the building pad area of each unit.

Assessment Formula Methodology

Step 1. Select “Basic Benefit Unit(s)”

CBD assessment formulas typically are based on street frontage, parcel size, building size and/or location, all of which relate to the amount of special benefit conferred on a particular parcel and the proportionate assessment to be paid. The formula may base assessments on a single factor or a combination of these factors.

Based on the specific needs and corresponding nature of the program activities to be funded by the Downtown San Leandro CBD, it is the opinion of this Assessment Engineer that the assessment factors on which to base assessment rates relate directly to the proportionate amount of street frontage, building area and land area. For residential condominiums, the assessment rate relates to the building pad area of each unit.

For commercial uses, the interactive application of street frontage, building area and land area quantities are a proven method of fairly and equitably spreading special benefit costs to these primary beneficiaries of CBD funded services, programs and improvements. Each of these factors directly relates to the degree of benefit each parcel will receive from CBD funded activities.

Street frontage is a direct measure of the static utilization of each parcel and its corresponding impact or draw on CBD funded activities such as sidewalk operations and beautification. In the opinion of this Assessment Engineer, the targeted weight of this factor, street frontage, should generate approximately 30% of the total CBD revenues. (30.4375% when adjusted). The actual assessment revenue projection of this formula element is \$117,087, all of which will be allocated to sidewalk operations.

Building area (gross) for commercial uses is a direct measure of the static utilization of each parcel and its corresponding impact or draw on CBD funded activities such as district identity. In the opinion of this Assessment Engineer, the targeted weight of this factor, building area, should generate approximately 15% of the total CBD revenues (12.9978% when adjusted). The actual assessment revenue projection of this formula element is \$50,000, all of which be allocated to district identity.

Land area is a direct measure of the current and future development capacity of each parcel and, again, its corresponding impact or draw on CBD funded activities such as administration/operations. In the opinion of this Assessment Engineer, the targeted weight of this factor, land area, should generate approximately 50% of the total CBD revenue (50.23006% when adjusted). The actual assessment revenue projection of this formula element is \$193,225, part of which will all be allocated each, to sidewalk operations, administration and contingency/reserve.

For residential condominium uses, the application of building pad area for each unit is a proven method of fairly and equitably spreading special benefit costs to these beneficiaries of CBD funded services, programs and improvements. The unit building pad area factors directly relates to the degree of benefit each residential condominium unit parcel will receive from CBD funded activities. In the opinion of this Assessment Engineer, the targeted weight of this factor, condominium building pad area, should generate approximately 5% of the total CBD revenue (6.33461% when adjusted). The actual assessment revenue projection of this formula element is \$24,368, all of which will all be allocated to enhanced residential improvements adjacent to residential condominium uses.

It is the finding of this Engineer that there are no land uses or ownership types within the CBD, other than as described above, that will either not benefit or receive diminished benefit from CBD funded programs and services and thus all parcels will be assessed at the same rates and in the same manner based on location. For residential condominiums, the assessment rate relates to the building pad area of each unit.

The “Basic Benefit Units” will be expressed as a combined function of Zone 1 street frontage (Benefit Unit “A-1”), Zone 2 street frontage (Benefit Unit “A-2”), Zone 1 and 2 commercial building square footage (Benefit Unit “B”), Zone 1 parcel size (Benefit Unit “C-1”), Zone 2 parcel size (Benefit Unit “C-2”) and for Zone 1 and 2 residential condominium building pad area (Benefit Unit “D”). Based on the shape of the Downtown San Leandro CBD, as well

as the nature of the District program elements, it is determined that all properties will gain a direct and proportionate degree of special benefit based on the respective amount of street frontage, building area and land area within two benefit zones. For residential condominiums, the assessment rate relates to the building pad area of each unit and is the same for both zones.

Step 2. Quantify Total Basic Benefit Units

Taking into account all identified benefiting properties and their respective assessable benefit units, there are 18,671 Benefit Units A-1, 15,605 Benefit Units A-2, 1,087,295 Benefit Units B, 1,567,763 Benefit Units C-1, 1,661,712 Benefit Units C-2 and 121,844 Benefit Units D.

Step 3. Calculate Benefit Units for Each Property.

The number of Benefit Units for each identified benefiting parcel within the Downtown San Leandro CBD was computed from data extracted from City and County Assessor records and maps. These data sources delineate current land uses, property areas and dimensions of record for each tax parcel. While it is understood that this data does not represent legal field survey measurements or detailed title search of recorded land subdivision maps or building records, it does provide an acceptable basis for the purpose of calculating property based assessments. All respective property data being used for assessment computations will be provided to each property owner in the CBD for their review. All known or reported discrepancies, errors or misinformation will be corrected.

Step 4. Determine Assessment Formula

Based on the nature of the programs to be funded as well as other rationale outlined in Step 1 above, it has been determined that the Downtown San Leandro CBD assessments will be based on the amount of street frontage, gross building area and land area of each parcel within two benefit zones. Assessments for residential condominiums will be based on the building pad area of each unit.

The assessment formula factors described above are set to uniquely fund each CBD program element as follows:

- Sidewalk Operations are funded 50% by street frontage revenues and 50% by land area revenues
- District Identity is funded 100% by building area revenues
- Enhanced Residential Improvements are funded 100% by residential condo building pad area revenues
- Administration is funded 100% by land area revenues
- Contingency/Reserve is funded 100% by land area revenue

Assessment Formula Unit Cost Calculations:

Zone 1 Street Frontage Rate

Street Frontage Rate (Benefit Unit “A-1”) = 50% x \$153,666/18,671 = \$4.115098/LF

Zone 2 Street Frontage Rate

Street Frontage Rate (Benefit Unit "A-2") = $50\% \times \$80,511/15,605 = \$2.57962/LF$

Zone 1 and 2 Building Area Rate

Bldg Area Rate = (Benefit Unit "B") = $\$50,000/1,087,295 \text{ sq ft} = \$0.045985/SF$

Zone 1 Land Area Rate

Land Area Rate (Sidewalk Operations) = (Benefit Unit "C-1") = $50\% \times \$153,666/1,567,763 \text{ sq ft} = \$0.049008/SF$

Land Area Rate (Admin) = (Benefit Unit "C-1") = $\$60,750/3,229,475 \text{ sq ft} = \$0.018811/SF$

Land Area Rate (Contingency/Reserve) = (Benefit Unit "C-1") = $\$15,387/3,229,475 \text{ sq ft} = \$0.0047645/SF$

Total Land Rate = (Benefit Unit "C-1") = $\$0.049008/SF + \$0.018811/SF + \$0.0047645/SF = \$0.0725835/SF$

Zone 2 Land Area Rate

Land Area Rate (Sidewalk Operations) = (Benefit Unit "C-2") = $50\% \times \$80,511/1,661,712 \text{ sq ft} = \$0.024225/SF$

Land Area Rate (Admin) = (Benefit Unit "C-2") = $\$60,750/3,229,475 \text{ sq ft} = \$0.018811/SF$

Land Area Rate (Contingency/Reserve) = (Benefit Unit "C-2") = $\$15,387/3,229,475 \text{ sq ft} = \$0.0047645/SF$

Total Land Rate = (Benefit Unit "C-2") = $\$0.024225/SF + \$0.018811/SF + \$0.0047645/SF = \$0.0478005/SF$

Zone 1 and 2 Condo Building Area Rate

Condo Bldg Area Rate = (Benefit Unit "D") = $\$29,728.72/165,591 \text{ sq ft} = \$0.17953/SF$

Assessment Formula = Street Frontage x Street Frontage Rate, plus
Bldg Area x Bldg Area Rate, plus
Land Area x Land Area Rate

Assessment Formula for Residential Condominiums = Bldg Pad Area x Bldg Pad Area Rate

Added notes for special circumstances:

1. Future Residential condominium unit parcels will be assessed based on livable unit building pad area. All residential condominium parcels will be assessed based upon their verifiable building square foot size per condo.
2. Future ground floor commercial condos (retail or office) will be assessed based on actual land area covered, condo building pad area and direct street frontage for each unit. Because such uses are typically developed as part of a

multi-floor mixed-use complex, special methodologies are needed to address the levy of assessments on such land uses as delineated in 3A and 3B below.

3. Future Multi-floor mixed-use condominium uses will be assessed in accordance with the following assessment methodology:

A. Multi-Floor Commercial Only Condominiums

- Building pad area at respective building area rate
- Land area at land area rate but pro-rated for each unit based on ratio of unit building area to total building area
- Street frontage at respective street frontage rate but pro-rated for each unit based on ratio of unit building area to total building area

B. Mixed-Use Commercial Condos and Residential Condominiums

- Commercial building pad area at respective commercial building area rate and at residential condominium building rate for residential condominium building pad area
- Land area at land area rate (assessed on ground floor commercial condo parcels for actual land area covered)
- Street frontage at respective street frontage rate (assessed on ground floor commercial condo parcels for actual street frontage)

4. Other Future Development As future new development occurs within the District, current property characteristics and parcel configurations may also change. This may occur due new building construction, demolition and/or expansion as well as various land related modifications such as new subdivisions, lot line adjustments, reversions to acreage and parcel consolidations. In turn, individual parcel street frontage measurements, parcel sizes and building areas may also change. Any such modifications will result in recalculation of assessments for new and/or modified buildings and/or parcels based on the assessment rate in affect when such changes occur in accordance with future maximum rates and the assessment methodology delineated in this Report.

It is noted that any change in assessment formula methodology or rates other than as stipulated in this Report would require a new Proposition 218 ballot procedure in order to approve any such changes.

Step 5. Estimate Total District Costs

The total projected District revenues/expenditures for Year 1 of the CBD are as follow:

\$ 384,680 = CBD assessment funded programs

- \$ 2,000 = pro-rated initial formation cost credits (\$30,000/15 yrs)
- \$ 1,000 = pro-rated initial volunteer cost credits (50% of formation costs)
- \$ 12,150 = annual Board/Committee volunteer cost credits (20% of admin budget)
- \$ 399,830 = Total Year 1 CBD costs/credits

The Year 1 projected assessment revenue budget allocation is as follows:

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

Step 6. Separate General Benefits from Special Benefits and Related Costs (Prop 218)

All benefits derived from the assessments outlined in the Management District Plan are for supplemental services, programs and improvements directly benefiting the properties within this area. All CBD funded activities are provided solely to properties within the Downtown San Leandro CBD. All services will be delivered only within the boundaries and designed only for the direct special benefit of the assessed properties in the CBD. No services will be provided to non-assessed parcels outside the CBD boundaries.

Total program and activity costs are estimated at \$399,830. General benefits are factored at 3% of total (see Finding 2 in this report) with special benefits set at 97%. Proposition 218 limits the levy of property assessments to costs attributed to special benefits only. The 3% general benefit cost is computed to be \$15,150 with a resultant 97% special benefit limit computed at \$387,835. *This is the maximum amount of revenue that can be derived from property assessments from the subject district in the first year.* This maximum may increase on an annual basis in subsequent years (years 2 through 15) to adjust for inflation by 5% as described in the Management District Plan. The total amount of revenue proposed to be derived from district assessments is \$384,680 for Year 1, which does not exceed the special benefit limit of \$387,835. Therefore, no Proposition 218 adjustments need to be made to the proposed assessment formula. Remaining costs which are attributed to general benefits will need to be funded from other sources. (e.g. public/private matching grants, startup grants, in-kind service contributions for district formation, startup volunteer credits or ongoing board member volunteer credits).

Step 7. Calculate “Basic Unit Cost”

With a Year 1 assessment revenue of \$384680 (special benefit only), the Basic Unit Costs are shown above in Step 4. Since the CBD is being established for a fifteen year term, maximum assessments for future years (Years 2 through 15) must be set at the inception of the CBD. An annual flat inflationary rate increase of up to 5% may be imposed for Years 2-15. Therefore the maximum annual rates may not increase more than 5% of the previous year’s rates. The maximum projected maximum annual assessment revenue for Years 1-15 based on a maximum 5% annual increase is shown below:

Fiscal Year	Max Annual Assessment
FY 1	\$384,680.00
FY 2	\$403,914.00
FY 3	\$424,109.70
FY 4	\$445,315.19
FY 5	\$467,580.94
FY 6	\$490,959.99
FY 7	\$515,507.99
FY 8	\$541,283.39
FY 9	\$568,347.56
FY 10	\$596,764.94
FY 11	\$626,603.19
FY 12	\$657,933.34
FY 13	\$690,830.01
FY 14	\$725,371.51
FY 15	\$761,640.09

The projected program cost allocations for Years 1-15 are as follows:

	FY 1	FY 2	FY 3	FY 4	FY 5	FY 6	FY 7
Sidewalk Operations, Beautification	\$234,175	\$245,883	\$258,177	\$271,086	\$284,641	\$298,873	\$313,816
District Identity	\$50,000	\$52,500	\$55,125	\$57,881	\$60,775	\$63,814	\$67,004
Enhanced Residential Improvements	\$24,368	\$25,586	\$26,865	\$28,209	\$29,619	\$31,100	\$32,655
Program Management	\$60,750	\$63,787	\$66,976	\$70,325	\$73,842	\$77,534	\$81,410
Contingency	\$15,387	\$16,156	\$16,964	\$17,812	\$18,702	\$19,638	\$20,620

Total	\$384,680	\$403,914.00	\$424,109	\$445,315	\$467,580	\$490,959	\$515,507

	FY 8	FY 9	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15
Sidewalk Operations, Beautification	\$329,507	\$345,983	\$363,282	\$381,446	\$400,518	\$420,544	\$441,571	\$442,623
District Identity	\$70,355	\$73,872	\$77,566	\$81,444	\$85,516	\$89,792	\$94,282	\$94,506
Enhanced Residential Improvements	\$34,288	\$36,002	\$37,802	\$39,692	\$41,677	\$43,761	\$45,949	\$46,058
Program Management	\$85,481	\$89,755	\$94,243	\$98,955	\$103,903	\$109,098	\$114,553	\$114,825
Contingency	\$21,651	\$22,733	\$23,870	\$25,063	\$26,316	\$27,632	\$29,014	\$29,083
Total	\$541,283	\$568,347	\$596,764	\$626,603	\$657,933	\$690,830	\$725,371	\$727,098

The maximum annual assessment rates for Years 1-15 are shown below:

		ZONE 1 MAX RATES			
Fiscal Year	Max Street Frontage Rate (\$/LF)	Max Bldg Area Rate (\$/SF Bldg)	Max Land Area Rate (\$/SF land)	Max Resid Condo Rate (\$/SF Bldg)	
FY 1	\$4.11509800	\$0.04598500	\$0.07258350	\$0.200000	
FY 2	\$4.32085290	\$0.04828425	\$0.07621268	\$0.210000	
FY 3	\$4.53689555	\$0.05069846	\$0.08002331	\$0.220500	
FY 4	\$4.76374032	\$0.05323339	\$0.08402447	\$0.231525	
FY 5	\$5.00192734	\$0.05589505	\$0.08822570	\$0.243101	
FY 6	\$5.25202371	\$0.05868981	\$0.09263698	\$0.255256	
FY 7	\$5.51462489	\$0.06162430	\$0.09726883	\$0.268019	
FY 8	\$5.79035614	\$0.06470551	\$0.10213227	\$0.281420	
FY 9	\$6.07987394	\$0.06794079	\$0.10723889	\$0.295491	
FY 10	\$6.38386764	\$0.07133783	\$0.11260083	\$0.310266	
FY 11	\$6.70306102	\$0.07490472	\$0.11823087	\$0.325779	
FY 12	\$7.03821407	\$0.07864996	\$0.12414242	\$0.342068	
FY 13	\$7.39012478	\$0.08258245	\$0.13034954	\$0.359171	
FY 14	\$7.75963101	\$0.08671158	\$0.13686701	\$0.377130	
FY 15	\$8.14761256	\$0.09104715	\$0.14371037	\$0.395986	
		ZONE 2 MAX RATES			
Fiscal Year	Max Street Frontage Rate (\$/LF)	Max Bldg Area Rate (\$/SF Bldg)	Max Land Area Rate (\$/SF land)	Max Resid Condo Rate (\$/SF Bldg)	

FY 1	\$2.57962000	\$0.04598500	\$0.04780050	\$0.200000
FY 2	\$2.70860100	\$0.04828425	\$0.05019053	\$0.210000
FY 3	\$2.84403105	\$0.05069846	\$0.05270005	\$0.220500
FY 4	\$2.98623260	\$0.05323339	\$0.05533505	\$0.231525
FY 5	\$3.13554423	\$0.05589505	\$0.05810181	\$0.243101
FY 6	\$3.29232144	\$0.05868981	\$0.06100690	\$0.255256
FY 7	\$3.45693752	\$0.06162430	\$0.06405724	\$0.268019
FY 8	\$3.62978439	\$0.06470551	\$0.06726010	\$0.281420
FY 9	\$3.81127361	\$0.06794079	\$0.07062311	\$0.295491
FY 10	\$4.00183729	\$0.07133783	\$0.07415426	\$0.310266
FY 11	\$4.20192916	\$0.07490472	\$0.07786198	\$0.325779
FY 12	\$4.41202561	\$0.07864996	\$0.08175508	\$0.342068
FY 13	\$4.63262690	\$0.08258245	\$0.08584283	\$0.359171
FY 14	\$4.86425824	\$0.08671158	\$0.09013497	\$0.377130
FY 15	\$5.10747115	\$0.09104715	\$0.09464172	\$0.395986

Step 8. Spread the Assessments

The resultant assessment spread calculation results for each parcel within the CBD are shown in Attachment 1 attached hereto and were determined by applying the District assessment formula to each identified benefiting property.

ATTACHMENT 1

Downtown San Leandro CBD Year 1 Assessments

APN	Assm't
075 0001 001 01	\$2,471.56
075 0001 002 02	\$1,530.64
075 0001 003 00	\$1,919.00
075 0001 004 00	\$856.37
075 0001 005 00	\$456.65
075 0001 006 00	\$383.95
075 0001 007 02	\$1,009.91
075 0001 008 02	\$934.92
075 0001 009 02	\$918.34
075 0001 010 02	\$1,303.47
075 0005 001 01	\$1,160.26
075 0005 002 01	\$0.00
075 0005 003 00	\$0.00
075 0005 004 00	\$0.00
075 0005 005 00	\$1,188.83
075 0005 006 00	\$640.72
075 0005 007 00	\$826.93
075 0005 008 00	\$757.38
075 0005 009 00	\$0.00
075 0005 011 01	\$1,661.75
075 0005 012 00	\$801.54
075 0005 013 02	\$553.90
075 0005 013 03	\$1,330.23
075 0005 014 00	\$0.00
075 0006 002 00	\$641.97
075 0006 003 00	\$2,003.97
075 0006 004 00	\$487.48
075 0006 005 01	\$0.00
075 0006 006 01	\$1,540.70
075 0006 011 00	\$0.00
075 0006 012 00	\$1,079.71
075 0006 013 00	\$0.00
075 0014 005 03	\$1,352.58
075 0014 006 00	\$1,225.19
075 0014 007 01	\$1,254.45
075 0014 015 01	\$2,652.67
075 0014 017 00	\$1,219.89
075 0014 018 00	\$1,904.65
075 0016 001 00	\$877.30
075 0016 005 02	\$2,960.05
075 0016 006 00	\$928.86

075 0016 007 03	\$2,496.84
075 0016 008 00	\$5,007.82
075 0016 009 00	\$1,173.23
075 0016 010 01	\$2,788.67
075 0016 013 00	\$1,460.83
075 0016 015 01	\$3,520.09
075 0018 003 02	\$427.73
075 0018 004 00	\$711.00
075 0018 008 00	\$334.40
075 0018 009 00	\$334.20
075 0018 010 00	\$293.60
075 0018 011 00	\$334.80
075 0018 012 00	\$334.20
075 0018 013 00	\$293.60
075 0018 014 00	\$345.60
075 0018 015 00	\$334.20
075 0018 016 00	\$293.60
075 0018 017 00	\$309.40
075 0018 018 00	\$334.20
075 0018 019 00	\$293.60
075 0018 020 00	\$429.00
075 0018 021 00	\$334.20
075 0018 022 00	\$293.60
075 0018 023 00	\$293.60
075 0018 024 00	\$293.60
075 0018 025 00	\$244.80
075 0018 026 00	\$286.20
075 0018 027 00	\$334.20
075 0018 028 00	\$244.80
075 0018 029 00	\$286.20
075 0018 030 00	\$334.20
075 0018 031 00	\$244.80
075 0018 032 00	\$286.20
075 0018 033 00	\$334.20
075 0018 034 00	\$293.60
075 0018 035 00	\$334.20
075 0018 036 00	\$286.20
075 0018 037 00	\$293.60
075 0018 038 00	\$334.20
075 0018 039 00	\$279.60
075 0018 040 00	\$293.60
075 0018 041 00	\$334.20

075 0018 042 00	\$265.20
075 0018 043 00	\$293.60
075 0018 044 00	\$334.20
075 0018 045 00	\$244.80
075 0018 048 00	\$236.40
075 0018 049 00	\$236.40
075 0018 050 00	\$236.40
075 0018 051 00	\$236.40
075 0018 052 00	\$236.00
075 0018 053 00	\$236.00
075 0018 054 00	\$236.00
075 0018 055 00	\$236.00
075 0018 056 00	\$236.00
075 0018 057 00	\$236.00
075 0018 058 00	\$236.00
075 0018 059 00	\$236.00
075 0018 060 00	\$247.20
075 0018 061 00	\$247.20
075 0018 062 00	\$247.20
075 0018 063 00	\$247.20
075 0018 064 00	\$236.00
075 0018 065 00	\$236.00
075 0018 066 00	\$236.00
075 0018 067 00	\$236.00
075 0018 068 00	\$236.40
075 0018 069 00	\$236.40
075 0018 070 00	\$236.40
075 0018 071 00	\$236.40
075 0018 072 00	\$236.40
075 0018 073 00	\$236.40
075 0018 074 00	\$236.40
075 0018 075 00	\$236.40
075 0018 076 00	\$401.00
075 0018 077 00	\$236.40
075 0018 078 00	\$236.40
075 0018 079 00	\$236.40
075 0018 080 00	\$236.00
075 0018 081 00	\$236.00
075 0018 082 00	\$236.00
075 0018 083 00	\$342.00
075 0018 084 00	\$236.40
075 0018 085 00	\$236.40
075 0018 086 00	\$236.40
075 0018 087 00	\$236.40
075 0018 088 00	\$236.40
075 0018 089 00	\$236.40
075 0019 001 01	\$5,772.34

075 0019 001 02	\$1,613.06
075 0036 010 07	\$1,638.44
075 0036 042 04	\$1,005.06
075 0036 043 00	\$0.00
075 0036 044 00	\$584.74
075 0036 045 00	\$577.61
075 0036 046 01	\$1,199.99
075 0036 047 04	\$3,483.60
075 0036 048 07	\$5,034.89
075 0036 053 00	\$982.15
075 0036 054 00	\$82.17
075 0036 055 00	\$1,276.80
075 0036 059 00	\$1,309.60
075 0036 060 00	\$731.31
075 0036 061 00	\$7,563.30
075 0039 006 06	\$6,317.59
075 0039 007 05	\$7,269.86
075 0039 014 02	\$0.00
075 0039 014 04	\$721.28
075 0039 015 00	\$0.00
075 0039 016 00	\$530.56
075 0039 023 00	\$474.04
075 0039 024 02	\$735.57
075 0039 025 02	\$329.74
075 0039 026 02	\$587.57
075 0039 029 10	\$18,148.46
075 0039 032 00	\$224.60
075 0039 033 00	\$224.60
075 0039 034 00	\$224.60
075 0039 035 00	\$224.60
075 0039 036 00	\$224.60
075 0039 037 00	\$224.60
075 0039 038 00	\$224.60
075 0039 039 00	\$224.60
075 0039 040 00	\$224.60
075 0039 041 00	\$224.60
075 0039 042 00	\$224.60
075 0047 002 00	\$3,312.30
075 0047 007 00	\$9,670.87
075 0050 003 01	\$10,234.87
075 0162 004 00	\$2,877.82
075 0226 003 00	\$2,256.52
075 0226 004 00	\$3,009.07
075 0226 005 01	\$6,239.19
075 0226 005 02	\$1,650.78
075 0226 005 03	\$718.58
075 0226 006 00	\$212.06

075 0226 008 00	\$2,368.28
075 0226 009 00	\$1,105.20
075 0226 010 00	\$20,162.89
077 0447 007 01	\$4,722.60
077 0447 014 06	\$3,416.91
077 0447 014 07	\$1,237.30
077 0447 015 06	\$2,435.74
077 0528 041 00	\$828.10
077 0528 042 00	\$1,093.87
077 0528 043 00	\$945.54
077 0528 044 01	\$687.53
077 0528 045 00	\$777.09
077 0528 046 05	\$1,679.52
077 0528 047 01	\$1,095.23
077 0529 029 00	\$643.98
077 0529 033 01	\$2,319.54
077 0529 034 00	\$507.55
077 0529 035 02	\$986.60
077 0530 025 01	\$2,407.18
077 0540 008 00	\$1,445.91
077 0540 009 00	\$8,967.65
077 0540 012 01	\$3,525.88
077 0545 007 00	\$1,156.13
077 0545 008 00	\$2,011.24
077 0545 009 00	\$923.31
077 0545 010 00	\$397.64
077 0545 013 04	\$1,347.07
077 0545 014 00	\$471.82
077 0545 015 00	\$272.89
077 0545 016 00	\$1,110.79
077 0545 017 00	\$1,154.49
077 0545 018 00	\$611.71
077 0545 019 00	\$1,407.08
077 0545 020 00	\$314.98
077 0545 021 00	\$447.30
077 0545 022 01	\$2,150.20
077 0545 024 01	\$2,147.95
077 0545 025 00	\$1,476.38
077 0545 026 02	\$193.28
077 0545 027 02	\$1,013.70
077 0545 028 00	\$309.70
077 0545 029 00	\$760.95
077 0545 030 00	\$1,636.17
077 0545 031 00	\$1,152.23
077 0545 032 01	\$8,377.60
077 0545 033 00	\$702.94
077 0545 034 00	\$1,467.66

077 0545 038 01	\$2,465.82
077 0545 039 00	\$1,172.62
077 0545 040 01	\$4,858.13
077 0545 041 00	\$178.34
077 0545 043 03	\$2,007.44
077 0545 044 01	\$2,305.72
077 0545 045 00	\$806.01
077 0545 046 00	\$795.27
077 0545 047 00	\$1,810.13
077 0545 048 00	\$342.19
077 0545 054 00	\$894.07
077 0545 055 02	\$777.29
077 0545 060 00	\$1,698.64
077 0545 061 00	\$1,706.79
077 0545 062 00	\$1,716.90
077 0545 063 00	\$672.85
077 0549 001 00	\$784.73
077 0549 002 00	\$455.55
077 0549 003 00	\$0.00
077 0549 004 00	\$0.00
077 0549 006 04	\$1,704.10
077 0549 007 00	\$0.00
077 0549 034 00	\$611.65
077 0550 001 03	\$1,926.78
077 0551 001 00	\$10,061.62
077 0551 005 00	\$3,336.20
077 0551 006 00	\$5,061.06
077 0551 007 00	\$1,331.43
077 0551 012 03	\$1,149.92
077 0551 014 00	\$513.81
077 0551 015 00	\$1,650.54
077 0551 029 00	\$729.75
077 0551 030 00	\$1,231.61
077 0551 031 00	\$713.01
077 0551 032 00	\$685.43
077 0551 034 00	\$3,617.54
077 0551 035 00	\$438.02
077 0551 036 00	\$1,852.38
077 0551 037 00	\$553.27
077 0551 038 00	\$1,153.21
077 0551 039 00	\$562.51
077 0551 041 01	\$1,525.27
077 0551 042 00	\$2,722.74
077 0551 045 00	\$1,484.83
077 0551 046 00	\$1,807.38
077 0551 047 00	\$927.89
077 0551 048 00	\$865.14

077 0551 049 00	\$804.86
077 0551 050 00	\$0.00
077 0551 051 00	\$722.40
077 0551 052 00	\$2,657.96
077 0551 053 00	\$4,953.80
077 0551 064 00	\$4,948.31
077 0551 065 03	\$4,157.29
077 0551 066 00	\$3,139.77
077 0551 067 00	\$439.19
077 0551 068 00	\$166.11

077 0551 069 00	\$127.66
077 0551 070 00	\$158.29
077 0551 071 00	\$322.09
077 0551 072 00	\$127.66
077 0551 073 00	\$189.93
077 0551 074 00	\$181.74
077 0551 075 00	\$237.11
077 0551 076 00	\$111.11
077 0551 077 00	\$251.64
TOTAL	\$384,680.42