

OFFICE OF THE CITY CLERK

2007 APR 25 AM 10:32 OAKLAND CITY COUNCIL

RESOLUTION NO. 80572 C.M.S.

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**RESOLUTION OF INTENTION TO FORM THE KOREATOWN/NORTHGATE COMMUNITY BENEFIT DISTRICT OF 2007, GRANTING PRELIMINARY APPROVAL OF THE MANAGEMENT PLAN, DIRECTING FILING OF THE PROPOSED ASSESSMENT DISTRICT BOUNDARY DESCRIPTION, SUBMITTING A PROPOSED ASSESSMENT TO THE AFFECTED PROPERTY OWNERS FOR MAJORITY PROTEST PROCEDURE APPROVAL; AND SCHEDULING A PUBLIC HEARING FOR JULY 17, 2007**

**WHEREAS**, the City Council of the City of Oakland enacted the City of Oakland Business Improvement Management District Ordinance (Chapter 4.48, Ordinance 12190, 1999) establishing the procedures for the formation of business improvement management districts; and

**WHEREAS**, the City Council approved a Neighborhood Business Improvement District ("NBID") Program pursuant to Oakland City Council Resolution No. 75323, dated November 9, 1999, to provide technical and financial assistance to stakeholder groups of business and property owners in the City to assist in the formation of such districts; and

**WHEREAS**, the property owners in the Koreatown/Northgate district have duly petitioned to form the Koreatown/Northgate Community Benefit District of 2007 ("District") under the City of Oakland Business Improvement Management District Ordinance (the "BIMD Ordinance") and have proposed the Management Plan for the operation of the District ("Plan") (Exhibit A); and

**WHEREAS**, the Plan contains a detailed engineer's report prepared by a registered professional engineer recognized by the State of California; and

**WHEREAS**, the Plan was prepared in accordance with the provisions Article XIII of the California Constitution, and has been filed with the City Clerk for proceedings in formation of this district; and

**WHEREAS**, the Plan, incorporated by this reference, provides for new security, cleaning and beautification of public rights of way, promotional and marketing activities and improvements of particular benefit to the properties located within the District (as more specifically identified in the Plan); and

**WHEREAS**, the Plan was prepared in accord with the provisions of the BIMD Ordinance overseeing the formation of the District as referenced above, and has been filed with the City Clerk for proceedings in formation of this District;

**NOW, THEREFORE**, the City Council of the City of Oakland finds that the Management Plan for the District satisfies all the requirements of the BIMD Ordinance, the laws of the State of California and the California Constitution with regard to the formation of business improvement management districts, and does hereby resolve and give notice as follows:

1. A business improvement management district is proposed to be established pursuant to the BIMD Ordinance with the boundaries as specified in the Plan on file in the office of the City Clerk, a copy of which is attached hereto as Exhibit A.
2. A copy of the preliminary report of the City Clerk is on file in the office of the City Clerk relating to the formation of the District.
3. The Plan for the District is preliminarily approved and the assessments for the first year shall be as provided for in the Plan if the district is established.
4. The name of the District shall be the Koreatown/Northgate Community Benefit District of 2007.
5. The reasons for the assessments and the types of the improvements and activities proposed to be funded and acquired by the levy of assessments on property in the District and the time period for which the proposed improvements are to be made are those specified in the Plan on file in the office of the City Clerk and attached hereto (Exhibit A).
6. Except where funds are otherwise available, an assessment will be levied annually to pay for all improvements and activities within the area.
7. The boundaries of the District and of each separate benefit zone within the district are delineated in the description contained in the Plan which is on file in the office of the City Clerk (Exhibit A).
8. The proposed method and basis of levying the assessments to be levied against each property in the District are based on the gross lot size, gross building square footage, building use, linear frontage of each property located within the District, and upon the benefit zone in which the property is located (as specified in the Plan – Exhibit A), and the assessments proposed for each property are contained in the appendix to the Plan and are incorporated herein by this reference (Exhibit A).
9. The assessments for the entire District total \$278,460.72 for the first year of the District, and the amount chargeable to each parcel are as shown in the Plan on file in the office of the City Clerk and on the appendix to Exhibit A attached hereto
10. The District shall be in existence for a period of ten (10) years (as provided for in the Plan) during which a maximum 5% increase per year in the amount of the assessment on each property shall be allowable as provided for in the Plan.
11. The assessment shall be attached to the property and collected with the annual county property taxes, and in certain cases through a special municipal billing, and

shall continue annually as provided for in the Plan for each year that the District is in existence unless modified by the City Council on the recommendation of the District Advisory Board.

12. The City Clerk is directed to mail a copy of the Resolution of Intention to form the District along with the ballots for the written protest procedure to all affected property owners in the District in compliance with the BIMD Ordinance and Article XIII of the California Constitution and to each local Chamber of Commerce and business organization known to be located within the District, give all other notices and take all other actions required by law, and give notice of the dates of the Public Hearing and Final Action on the Petition for Formation of the District to all affected property owners in the proposed District no later than forty five (45) days before the scheduled public hearing, and also publish the Resolution of Intention in a newspaper of general circulation in the City of Oakland once, at least seven (7) days before the public hearing. The ballots mailed to the affected property owners shall contain the procedures for the completion and return of the ballots.
13. A Public Hearing is set for July 17, 2007, (at 7:00 P.M. in the City Council Chambers in City Hall, located at 1 Frank H. Ogawa Plaza, Oakland California) to hear all public comments, protests, count the returned ballots as to the formation of the District, and take final action as to the formation of the District.
14. At the hearing the testimony of all interested persons for or against the establishment of the District, the proposed assessment, the boundaries of the District, or the furnishing of the specified types of improvements or activities will be heard.
15. A protest may be made in writing by any interested person through the ballot procedure. The procedures applicable to the completion and return of the ballots are as specified in the ballot, a copy of which is attached hereto and incorporated herein by this reference. Any protest pertaining to the regularity or sufficiency of the proceedings shall be in writing and shall clearly set forth the irregularity or defect to which the objection is made.
16. Every written protest shall be filed with the City Clerk at or before the time fixed for the public hearing. A written protest may be withdrawn in writing at any time before the conclusion of the public hearing.
17. Each written protest shall contain a description of the property in which the person subscribing the protest is interested sufficient to identify the property and, if a person subscribing is not shown on the official records of the City as the owner of the property, the protest shall contain or be accompanied by written evidence that the person subscribing is the owner of the property.
18. A written protest which does not comply with the requirements stated above shall not be counted in determining a majority protest.
19. After the close of the Public Hearing, the ballots will be tabulated under the direction of the City Clerk and the results of the tabulation will be reported to the

City Council. If written protests are received from the property owners in the proposed area which will pay 50 percent or more of the assessments proposed to be levied and protests are not withdrawn so as to reduce the protests to less than that 50 percent, the assessment will not be imposed. If the majority protest is only against the furnishing of a specified type or types of improvement or activity within the area, those types of improvements or activities shall be eliminated.

IN COUNCIL, OAKLAND, CALIFORNIA, MAY 15 2007.

**PASSED BY THE FOLLOWING VOTE:**

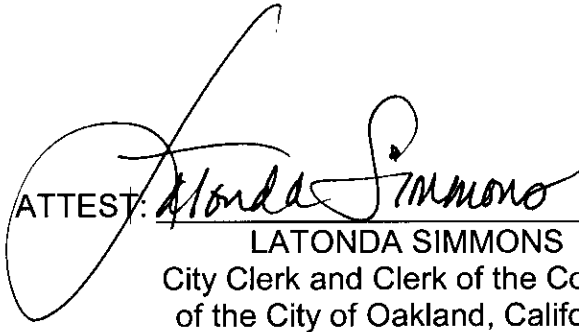
AYES- BROOKS , BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, AND  
PRESIDENT DE LA FUENTE - 8

NOES- 0

ABSENT- 0

ABSTENTION- 0

EXCUSED

ATTEST:   
LATONDA SIMMONS  
City Clerk and Clerk of the Council  
of the City of Oakland, California

**EXHIBIT A**  
**(TO THE RESOLUTION OF INTENTION TO ESTABLISH THE**  
**KOREATOWN/NORTHGATE CBD)**

**FINAL PLAN**

**MANAGEMENT DISTRICT PLAN FOR THE**  
**KOREATOWN/NORTH GATE**  
**COMMUNITY BENEFIT DISTRICT**

**OAKLAND, CALIFORNIA**

*Prepared pursuant to the City of Oakland's*  
*Business Improvement Management District Ordinance of 1999*  
*# 12190, Under Municipal Code Chapter 4.48*  
*for the Koreatown/North Gate Community*

Prepared for:

The Koreatown/North Gate CBD Steering Committee  
City Councilwoman Nancy Nadel  
Neighborhood Commercial Revitalization Program/Redevelopment Agency  
Community Economic Development Agency - City of Oakland

by

Marco Li Mandri, President  
NEW CITY AMERICA INC.  
(888) 356-2726

**MARCH 15, 2007**

**KOREATOWN/NORTH GATE  
MANAGEMENT DISTRICT PLAN FOR THE NEW  
COMMUNITY BENEFIT DISTRICT –  
FINAL PAN – MARCH 12, 2007**

*(Formed under the Business Improvement Management District  
Ordinance # 12190, Chapter 4.48 City of Oakland Municipal Code)*

**SECTION 6 - MANAGEMENT DISTRICT PLAN, PROPERTY  
BUSINESS IMPROVEMENT DISTRICT**

- 1. MAP OF THE DISTRICT**
- 2. NAME OF THE PROPOSED DISTRICT**
- 3. DESCRIPTION OF BOUNDARIES OF THE DISTRICT**
- 4. THE IMPROVEMENT AND ACTIVITIES PROPOSED EACH YEAR**
- 5. TOTAL ANNUAL AMOUNT PROPOSED TO BE EXPENDED FOR IMPROVEMENT,  
MAINTENANCE AND OPERATIONS**
- 6. THE PROPOSED SOURCE(S) OF FINANCING INCLUDING THE PROPOSED  
METHOD AND BASIS OF LEVYING THE ASSESSMENTS**
- 7. THE TIME AND MANNER OF COLLECTING THE ASSESSMENTS – TERM AND  
DISESTABLISHMENT PROCEDURES**
- 8. PROPOSED RULES AND REGULATIONS TO BE APPLICABLE IN THE DISTRICT**
- 9. ADVISORY BOARD AND MANAGEMENT OF THE DISTRICT**
- 10. ENGINEER’S REPORT**

**APPENDIX:**

**PARCEL LIST**

## **KOREATOWN/NORTH GATE COMMUNITY BENEFIT DISTRICT MANAGEMENT DISTRICT PLAN – EXECUTIVE SUMMARY**

Since late 2004, New City America, Inc. has been under contract with the Oakland Redevelopment Agency to conduct an investigation for the possible creation of a special benefits district along Telegraph Avenue.

The Koreatown/North Gate community an emerging ethnic business enclave and center for Korean American businesses in the greater Bay Area. Modeled after the Koreatown in Los Angeles, there has been an increasingly accumulation of Korean-American and Korean immigrant entrepreneurial activity, over the past 10 years. Oakland's emerging Koreatown, based along Telegraph Avenue, is blessed with a central location, historic street grid, excellent access to BART and freeway, a significant concentration of weighted property owners and is at the northern tip of the new Forest City development north of Downtown. It has significant architectural buildings and if formed, will be the first significant Korean American CBD in North America.

The wide sidewalks demonstrate the priority that foot traffic played in the early construction of this street, leading to UC Berkeley. Though it has the width to accommodate intense pedestrian traffic, the sidewalks and public spaces stand only as a monument to past intense pedestrian usage.

The Redevelopment Agency has supported this effort as the community transitions from a commercial corridor to a mixed use residential corridor.

When formed, this Koreatown/North Gate CBD would provide the independent funding base to help revitalize this evolving area and make it as dynamic and exciting, as is it once was, as one of the most significant retail corridor in the City. In addition, it would represent the 7<sup>th</sup> BID/CBD in the City of Oakland.

### WHY IS THIS BEING CONSIDERED?

It is best when community dollars stay in the community. Dollars that leave the neighborhood and enrich other cities such as Berkeley, Emeryville and Alameda, are referred to as "leakage", this is something neither the City nor the Koreatown/North Gate Business District can afford. The whole purpose of the CBD is to keep local dollars in the community, attract commerce from outside of the district, provide services for enhanced sidewalk sweeping and trash pick up, beautify the neighborhood and fund those special benefit services which are not and will not be funded by the City of Oakland.

Similar districts are currently functioning in the Rockridge, Montclair, Fruitvale, Temescal, Laurel and in the Lakeshore business districts. Over the past 1 ½ years, six Community Benefit Districts have been formed in San Francisco. This Koreatown/North Gate CBD would prepare this section of Telegraph Avenue for the tremendous changes that are anticipated over the next ten years. It would create an ongoing non-profit corporation – a district management corporation – made up of area residents, business

and property owners. This district management corporation would expend the funds raised by the Koreatown/North Gate CBD to pay for “special benefit” services in the public rights of way.

#### WHY HERE, WHY NOW?

Business districts and neighborhoods that have organized into CBDs, in fact, are able to extract a greater level of services from their City due to the fact that their management staff is in constant contact with City departments to ensure that the City is providing its committed level of general services.

The new proposed Koreatown/North Gate Community Benefit District, formed under a recently adopted local enabling ordinance, is a benefit assessment district proposed to *confer special benefit services* to real property owners in and around the public rights of way of the neighborhood. These special benefit services may include:

- landscaping,
- beautification,
- and sidewalk cleaning/steaming,
- installing decorations,
- marketing and promotions,
- public space development and management;
- parking issues;
- planning and land use issues;
- improvement of the image of the district,
- and possibly security services, (above those currently provided by the City of Oakland).

The district is envisioned to be established for 10 years commencing January 1, 2008. Provisions for annual disestablishment are available if the property owners no longer desire to fund the special services articulated in this plan.

#### PROPERTY VARIABLES TO BE ASSESSED:

Three property variables will be used to fund the special benefit services of the district. Those variables will include: lot or parcel size, building square footage, and linear frontage. Each of these variables can be verified by County records.

Experience tells us that the more property variables or factors are considered in the assessment formation of the benefit district, (including the dimensions of the parcel and land use), the more equitable the contribution from each parcel will be.

Building square footage will be further categorized by “use”, (retail, office, industrial, multi-unit housing, etc). “Use” determines needs and therefore special benefit to be received. By law, the assessments within the district can only fund *special benefits*, not general benefit services.



Single family residential units/condos, will be assessed a flat annual assessment, regardless of floor level or size of unit. Commercial or retail condos will be assessed on the same multi-variable basis as other parcels in the district.

Retail land uses, - restaurants, bars, coffee shops, liquor stores, drug stores, nail salons, etc. - or those land uses that benefit from increased walk-in traffic, will pay a higher annual assessment per square foot of retail building space, when compared to office, commercial, industrial or multi-family land uses.

Only retail and visitor related land uses would be assessed for the marketing and promotions aspects of the CBD budget. Building square footage assessments for development projects would be adjusted during the demolition and construction phases.

NUMBER OF PARCELS IN THE PROPOSED CBD:  
 167 parcels (including existing parceled residential condos)

Number of property owners in the proposed CBD:  
 143 property owners

Proposed Koreatown/North CBD Boundaries:

- Along Telegraph Avenue, from 20<sup>th</sup> to 35<sup>th</sup> Street

<i>Street</i>	<i>Address Series</i>
21 <sup>st</sup> Street	635
23 <sup>rd</sup> Street	491 – 495
25 <sup>th</sup> Street	498
29 <sup>th</sup> Street	525
30 <sup>th</sup> Street	450 – 491
31 <sup>st</sup> Street	515
Elm Street	3407
Hawthorne Avenue	494
San Pablo Avenue	2018
Sycamore Street	509
Telegraph Ave.	2003 – 3425

**ANNUAL BUDGET:**

The annual first year budget is \$278,460.00 Each parcel has been analyzed to determine proper category of use and therefore benefit: *(Internal parking built into structures that primarily serve the particular building use will not be included in the overall building square footage assessment).*

The summary of the 2007-08 operating budget for the Koreatown/North Gate CBD including the ten year projection, is provided in this plan.

PROGRAM OR ACTIVITY FUNDED BY THE KOREATOWN/NORTH COMMUNITY BENEFIT DISTRICT	APPROXIMATE% OF FIRST YEAR ANNUAL BUDGET	ESTIMATED ANNUAL COSTS (FIRST YEAR)
Sidewalk Operations, Beautification and Order	60%	\$ 167,076.00
District Identity and Streetscape Improvements	10%	\$ 27,846.00
Administration/Corporate Operations	20%	\$ 55,692.00
Contingency/City Fees/Reserves	10%	\$ 27,846.00
<i>TOTAL</i>	<i>100%</i>	<i>\$ 278,460.00</i>

**ADMINISTRATION:**

The district shall be managed by a non-profit corporation consisting of property owners, businesses and residents who contribute to the district. This entity shall enter into a contract with the City of Oakland to administer the district on behalf of all property owners.

**COMMENCEMENT, TERMINATION AND DISESTABLISHMENT:**

The district's first assessments will be collected with 2007-08 property tax cycle, with the first installments due in December 2007. The district would commence operations January 1, 2008 and expire on December 31, 2017. Provisions in the local enabling ordinance provide for annual disestablishment procedures, based upon the same method that establishes the district.

**ESTABLISHMENT PROCESS:**

The district is established pursuant and in accordance with the local enabling ordinance, as well as assessment mail ballot procedures as laid out in the 218 Omnibus Act of 1998. In early March, it is anticipated that the Koreatown/North Gate property owners will endorse this Management District Plan. This plan lays out the special benefit services to be funded, the boundaries, the term of the district, costs, etc.

A petition representing 30% of those who will pay into the district by weight, \$83,538.00 will be submitted to the City in early April, triggering the mail ballot procedure. Once the ballots are mailed out, the district is established if the weighted majority of return ballots endorse the district's formation. Using the budget of \$278,460.00 per year, property

owners representing at least \$83,538.00 in annual assessments (30%) will be required to sign the petition to trigger the balloting.

#### ANNUAL ADJUSTMENTS:

The Board of Directors of the new Management Corporation will be given the option to increase the assessments annually based upon the Alameda County regional CPI indicator or by an amount not to exceed 5% from the previous year's assessments. The Koreatown/North Gate CBD Management Corporation shall have the right to shift allocations within the four categories as they feel appropriate and as long as it remains consistent with the intent of the plan. The Board shall also have the right to shift up to 10% per year from category to category, each year, as needs change with the priorities of special benefits.

#### FIRST INSTALLMENT OF ASSESSMENTS:

The Koreatown/North Gate CBD assessments appear for the first time on the 2007-08 property tax bills. The assessments are collected with the property taxes and sent to the City of Oakland. The City of Oakland then enters into a contract with a non-profit corporation of property owners within the Laurel CBD area to manage the district and deliver special benefit services to the assessed property owners.

1. MAP OF THE DISTRICT:

A map of the district will be found at the end of the text on page 19 of this Management District Plan.

2. NAME OF THE PROPOSED DISTRICT:

The name of the proposed special benefits district is the "Koreatown/Northgate Community Benefit District of 2007".

3. DESCRIPTION OF THE BOUNDARIES OF THE DISTRICT

This district as envisioned is approximately thirty-one square blocks. Its boundaries are primarily along the following streets.

- Along Telegraph Avenue, from 20<sup>th</sup> to 35<sup>th</sup> Street;

<i>Street</i>	<i>Address Series</i>
21 <sup>st</sup> Street	635
23 <sup>rd</sup> Street	491 – 495
25 <sup>th</sup> Street	498
29 <sup>th</sup> Street	525
30 <sup>th</sup> Street	450 – 491
31 <sup>st</sup> Street	515
Elm Street	3407
Hawthorne Avenue	494
San Pablo Avenue	2018
Sycamore Street	509
Telegraph Ave.	2003 – 3425

#### 4. THE IMPROVEMENT AND ACTIVITIES PLANNED FOR EACH YEAR

Based upon the survey results of the property owners, and estimated costs and services, the preliminary special benefits funded by the Koreatown/North Gate Community Benefit District are as follows: (These are suggested programs or projects to be funded by the general line items)

Proposed Koreatown/North Gate CBD services plan:

- Sidewalk Operations, Beautification and Order (SOBO)
  - Sidewalk sweeping;
  - Security;
  - Beautification;
  - Decorations and banners;
  - Enhanced trash receptacle placement and regular emptying;
  - Graffiti removal;
  - Work with City on hazardous issues;
  - Maintenance of public order in the sidewalks;
  - Development of public spaces and their maintenance;
  - Equipment, supplies, tools;
  - Vehicle maintenance and operation;

TABLE 4 – A  
SPECIAL BENEFIT S.O.B.O. SERVICES BROKEN DOWN BY ESTIMATED COSTS:

<i>Sidewalk Operations, Beautification and Order (SOBO)</i>	<i>Anticipated First Year Task frequency</i>
Sidewalk Sweeping	As determined by Management Corporation, but at least four times per week
Trash Emptying	As needed, assumes a series of new trash receptacles and the current level of City baseline service of Monday through Saturday pick ups left intact
Security	As determined by Management Corporation
Banner installation and maintenance	Seasonally
Holiday decorations	Seasonally
Reporting hazards to City	As needed
Removal of bulky items	Within 24 hours - if desired above City standard of pickup within 72 hours
Graffiti removal	Within 24 hours if desired above City standard of 48 hours, (in public rights of way only)
Tree and shrub planting and maintenance	Weekly or as needed
Miscellaneous	As needed

- *District Identity and Streetscape Improvements (DISI)*
  - Special events;
  - Web site;
  - Design work, logo development, district branding;
  - Communications, brochures, business directories;
  - Signage;
  - Holiday celebrations;
  
- *Administration and Corporate Operations:*
  - Staffing;
  - Insurance policies;
  - Office related expenses;
  - Misc.
  
- *Contingency/Reserve:*
  - Delinquencies;
  - City costs;
  - County costs;
  - Hardship;
  - Reserves;

These special benefit services, categorized by percentages of the overall budget shall form the basis for the budget for the ten-year period the district is in place. The Management Corporation shall have the right, with concurrence of the Advisory Board to shift categories of expenses up to 10% per year, based upon determined need of the district. This ten per cent shift is allowable after any CPI or annual increase has been taken into account.

Consistent with the law, any property assessment district must confer a special benefit to real property owners paying into the assessment district.

*Benefit Zones/Allocation of Special Benefit Services:*

There will be one benefit zone in the district. All 178 parcels within the proposed Koreatown/North Gate CBD are anticipated to derive equal benefit from the establishment of the CBD.

The only deviation from this equal allocation of services will be realized through higher assessments apportioned to retail building square footage on any parcel. Retail building uses will pay a higher annual per square foot assessment to pay for marketing and promotional special benefit services. As seen in table 5A, various building uses will pay varying costs based upon the benefit that those particular land uses are anticipated to derive from the establishment of the new Koreatown/North Gate CBD.

5. TOTAL ANNUAL AMOUNT PROPOSED TO BE EXPENDED FOR IMPROVEMENT, MAINTENANCE AND OPERATIONS, DISTRICT IDENTITY, ADMINISTRATION AND CONTINGENCY/RESERVE

Budget: The first year annual budget is projected to be \$278,460.00. Annual adjustments of up to a maximum of 5% over the previous year's gross assessment amount are allowable, subject to the approval of the Koreatown/North Gate Community Benefit District.

TABLE 5- A

BENEFIT ZONE	LINEAR FRONTAGE FIRST YEAR ANNUAL COSTS	LOT SQUARE FOOTAGE FIRST YEAR ANNUAL COSTS	BUILDING SQUARE FOOTAGE FIRST YEAR ANNUAL COSTS*	SINGLE FAMILY RESIDENTS ANNUAL COST, PER PARCEL**
1	\$5.00	\$0.10	A -\$0.12 B -\$0.08 C -\$0.05 D -\$0.00 E -\$0.00 F -\$0.05	\$ 365.00

CURRENT DATABASE FOR THE KOREATOWN/NORTH GATE COMMUNITY BENEFIT DISTRICT:  
(AS OF MARCH 12, 2007)

TABLE 5 – B

BENEFIT ZONE	LINEAR FRONTAGE TOTAL	LOT SQUARE FOOTAGE TOTAL	BUILDING SQUARE FOOTAGE TOTAL	SINGLE FAMILY RESIDENTS - NUMBER OF UNITS
1	16,146 linear feet	1,272,305 sq. ft.	787,556 sq. ft.	47 existing

AMOUNT GENERATED BY PROPERTY VARIABLE AND BENEFIT ZONE FOR THE KOREATOWN/NORTH GATE COMMUNITY BENEFIT DISTRICT:  
(AS OF MARCH 12, 2007)

TABLE 5 - C

BENEFIT ZONE	LINEAR FRONTAGE TOTAL	LOT SQUARE FOOTAGE TOTAL	BUILDING SQUARE FOOTAGE TOTAL *	SINGLE FAMILY UNIT CONTRIBUTION**
1	\$80,730.00	\$127,230.00	\$ 53,345.00	\$17,155.00

\*Buildings or land use will be assessed based upon the impact those land uses have on the public rights of way. All parcels will be assessed equally on the basis of linear

frontage and lot size, however the land use or building will determine the amount that parcel is assessed in total, in other words, buildings will be assessed differently based upon their anticipated benefit from establishment of the CBD.

Building categories A and B are anticipated to receive greater benefit from walk in traffic, resulting from attracting new residents and visitors to the district. Property owners of A and B category buildings will, therefore, generate greater benefit due to increased sales and greater commercial activity.

\*\*Only 47 single family residents/condos currently exist in the district. It is anticipated that there will be hundreds more built and parceled over the next five years. Once single family residents/condos have been parceled in the future mixed-use developments, a \$ 365.00 annual flat condo fee will be apportioned to underwrite and increase the SOBO portion of the budget to provide those new residents with seven day per week cleaning services, public rights of way beautification and possible supplemental security.

TABLE 5 - D - APPORTIONMENT OF BUILDING USES:

(Each Parcel and its building use has been categorized in the district. Some Special Benefit Services are allocated to specific building uses, other building uses are exempt from payment into that specific service, based upon anticipated benefit)

<i>Building Use Code</i>	<i>Description of Use</i>
A	Retail space, hotels, motels, visitor related, retail condos
B	Office and Commercial uses, office or commercial condos, Independent, free standing parking structures
C	Industrial/Manufacturing/Distribution
D	Institutional (City, County, Water District, School, public utility, parks, etc.)
E	Church, non-profit, tax-exempt
F	Multi-Unit Residential
G	Single Family residential/Condo units - \$ 365.00 flat fee per year, once parceled. The parcels on which condos have been built, will have the individual property owners assessed only for the condo unit, and will be exempted from lot size, building size and linear frontage.  Retail or commercial condos will be assessed as category "A" or "B" building use, and will use all three property variables (lot size, linear frontage and building use) factored in their assessments.



**TABLE 5 - E - AMOUNT OF BUILDING SQUARE FOOTAGE BY USE IN THE PROPOSED  
KOREATOWN/NORTH GATE CBD:**

BUILDING TYPE B	A	B	C	D	E	F	G
BUILDING SQUARE FOOTAGE/DATABASE AS OF 3/12/07	195,881	211,725	7,098			250,932	47

**EXPLANATION OF HIGHER ASSESSMENTS BASED UPON BUILDING USE:**

Single family residential units/condos, will be assessed a flat annual assessment, regardless of floor level or size of unit. Commercial or retail condos will be assessed on the same multi-variable basis as other parcels in the district.

Retail land uses, - restaurants, bars, coffee shops, liquor stores, drug stores, nail salons, etc. - or those land uses that benefit from increased walk-in traffic, will pay a higher annual assessment per square foot of retail building space, when compared to office, commercial, industrial or multi-family land uses.

Only retail and visitor related land uses would be assessed for the marketing and promotions aspects of the CBD budget. Building square footage assessments for development projects would be adjusted during the demolition and construction phases.

Cap:

An annual Cost of Living Adjustment shall be allowable in the district. The Board of Directors of the District Management Corporation shall have the option to increase the annual assessment rates based upon the Bay Area Consumer Price Index, or an amount not to exceed 5% (five per cent) per year. Any determination of an annual increase will be communicated in writing to the City by May 15<sup>th</sup> of each year.

District Formation:

District formation requires submission of petitions from property owners representing at least 30% of the total assessments. Once the petitions have been submitted to the City, the Oakland City Council will adopt an Ordinance of Intention to establish the district and mail out ballots to all affected property owners. The district is formed if the weighted majority of returned ballots support the district formation.

Duration:

The Koreatown/North Gate Community Benefit District shall have a ten year term which shall commence on January 1, 2008 and expire on December 31, 2017.

**DISTRICT IMPROVEMENT AND ACTIVITY PLAN**

The summary of the 2007-08 operating budget for the Koreatown/North Gate CBD including the ten year projection, is provided in this plan.

*Table 5 - F*

PROGRAM OR ACTIVITY FUNDED BY THE KOREATOWN/NORTH COMMUNITY BENEFIT DISTRICT	APPROXIMATE% OF FIRST YEAR ANNUAL BUDGET	ESTIMATED ANNUAL COSTS (FIRST YEAR)
Sidewalk Operations, Beautification and Order	60%	\$ 167,076.00
District Identity and Streetscape Improvements	10%	\$ 27,846.00
Administration/Corporate Operations	20%	\$ 55,692.00
Contingency/City Fees/Reserves	10%	\$ 27,846.00
<i>TOTAL</i>	<i>100%</i>	<i>\$ 278,460.00</i>

**6. THE PROPOSED SOURCE(S) OF FINANCING INCLUDING THE PROPOSED METHOD AND BASIS OF LEVYING THE ASSESSMENTS**

METHOD OF FINANCING:

This method of financing the special services is based upon the levy of assessments on real property that benefits from proposed improvements and activities. This represents a "benefit assessment district" as defined in the California Streets and Highway Code. Assessed valuation cannot be used as the basis for special benefits assessments due to the introduction of Proposition 13 into the state constitution in 1978.

There are at least four basic factors that will be used in determining individual assessments. These factors include 1) linear frontage, 2) land area and 3) building square footage, 4) building use. (See diagram on page 17). The assessments for the Koreatown/North Gate CBD are based upon these variables, which have been endorsed by the CBD Steering Committee as the most fair and equitable for apportionment of assessments to participating parcels. Linear frontage will be assessed on all sides of a parcel due to the allocation of special benefit services to those various sides.

Land use changes will lead to changes in the assessment formulation per parcel. As the district transitions to a mixed-use community, the assessment methodology will accommodate these changes by generating additional revenues to mitigate the impact of these new residents and businesses.

A Community Benefit District is a practical “pay as you go” funding tool which allows property owners in a given designated area to be assessed, as part of the property tax collection tax process, to pay for supplemental or “special benefit services”. These special services are those, which are not normally provided by the City of Oakland. CBDs are often associated with very visible and tangible program elements that, in turn, can produce very significant changes in the character and image of the district.

#### 7. THE TIME AND MANNER OF COLLECTING THE ASSESSMENTS – TERM OF THE DISTRICT

The *Oakland Business Improvement Maintenance District mail ballot proceeding is triggered* with a successful petition drive by more than 30% of the property owners who *must pay* into the district \$83,538.00 (weighted support). These petitions demonstrate stakeholder support for the district and trigger a Proposition 218 mail ballot procedure. The Community Benefit District will be established and function for a maximum of 10 years and must be re-established through a similar petitioning and balloting process at the end of its pre-designated life.

The Koreatown/North Gate Community Benefit District Steering Committee has elected to establish the district for the maximum period of 10 Years commencing January 1, 2008. This has been done to save on the costs and time required to re-establish the district within 4 - 5 years. As provided by local ordinance, the Koreatown/North Gate Community Benefit District (CBD), will appear as a separate line item on the annual property tax bills prepared by Alameda County tax collector. Property tax bills are generally distributed in the Fall and payment is expected by lump sum or in two installments. The County tax assessor shall distribute the assessments collected to the City of Oakland who will in turn then forward them to the designated Management Corporation pursuant to the authorization of this plan. Existing laws for enforcement and appeal of property taxes apply to the Management District assessments.

#### Disestablishment:

Local ordinance provides for the disestablishment of the CBD pursuant to an annual review process. Each year that the Koreatown/North Gate CBD is in existence, there will be a 30-day period during which the property owners will have the opportunity to

request disestablishment of the district. This 30-day period begins each year on the anniversary date that the district was first established by the City Council. Within that 30-day period, if a written petition is submitted by the owners of real property who pay 30% or more of the assessments levied, the CBD may be considered for disestablishment. The City Council will hold a public hearing on disestablishing the CBD prior to actually doing so. (Section 4.48.220)

Due to its long term nature, (10 years), the local enabling ordinance allows for the growth of landscaping, its maintenance as well as economic development strategies related to revitalization that create a more permanent improvement to the area. If there is debt against the District, the District cannot be disestablished, until all of the debt has been repaid. All financial obligations in the form of bonds or loans for capital improvements, must be paid off before the district can be disestablished.

#### Exemptions:

Consistent with Article XIII(d) of the state constitution, it has been determined that all parcels within the proposed district will derive special benefits from the district. Therefore, no parcels will be exempted from payment into the Koreatown/North Gate Community Benefit District, regardless of use or ownership. The only other exemptions will occur for non-profit or public building assessments based upon land use categories D and E as found in chart 5 – D. (see attached Engineer's Report).

#### 8. PROPOSED RULES AND REGULATIONS TO BE APPLICABLE TO THE DISTRICT:

##### CITY BASELINE SERVICES AGREEMENT AND CONTINUATION OF CITY SERVICES

Throughout the process of establishing the new Koreatown/North Gate CBD, business and property owners have voiced concerns that the City of Oakland maintain existing services at verifiable "baseline" service levels. A formal base level of services policy ensures that existing City Services are enhanced, not replaced by the new CBD services.

Pursuant to the Business Improvement Maintenance District Ordinance of the City of Oakland, a Management District may establish rules and regulations that uniquely apply to the District. A few initial rules and regulations should be employed by the Koreatown/North Gate CBD Steering Committee in the administration of the district.

##### *Competitive Bidding:*

Following the formation of the Management District, the Management Corporation Board should consider developing a policy for competitive bidding as it pertains to contracted services for the Koreatown/North CBD. The policy will aim to maximize service quality, efficiency and cost effectiveness.

##### *Conflict of Interest:*

Any stakeholder who serves on the Koreatown/North Gate CBD Management Corporation Board shall recuse themselves from any vote in which a potential conflict of interest is apparent. Such potential conflicts include, but are not

limited to, prioritizing capital improvement projects which result in special benefit to specific property owners, prioritization of services to benefit a particular owner or group of owners, hiring or selecting the relatives of Board members.

*Open Door Policy:*

Meetings of the Board of the corporation administering the district shall be open to all stakeholders paying into the district and are subject to the Brown Act. Regular financial reports shall be submitted to the Board members and made available upon request by the membership. Sub-Committee meetings of the Management corporation shall be open and encourage participation among various stakeholders, business owners and community members. The Board shall retain the right to enter into executive session for reasons including, but not limited to legal matters, personnel issues, etc.

*Policy Development:*

The management corporation, once formed, will create a number of policies which will help the Board of Directors to effectively manage the district. Such policies may include, but not be limited to: a decision making policy, use of banner policy, special event underwriters policy, use of logo policy and an economic hardship policy.

9. ADVISORY BOARD AND MANAGEMENT OF THE DISTRICT:

The Koreatown/North Gate CBD Management Corporation is charged with the day-to-day operations of the Management District. The entity will include all property owners paying into the district and include representation from business owners and various sectors of the assessment district. The non-profit corporation should be set up as a public benefit corporation and file for application to the IRS once the district has been adopted by the City Council of Oakland.

MANAGEMENT CORPORATION AND THE ADVISORY BOARD:

The final management structure will include the Koreatown/North Gate CBD assessed property owners who will organize themselves into a new non-profit corporation whose Board will serve in the capacity of the contracted management corporation.

*“The City Council may designate existing advisory boards or commissions to serve as the advisory board for the district or may create a new advisory board for that purpose. At least one member of the advisory board shall be a business licensee within the district who is not also a property owner within the district.....The advisory board shall cause to be prepared a report of each fiscal year for which assessments are to be levied and collected to pay the costs of the improvements and activities described in the report.” (Section 4.48.190)*

Members of the proposed Advisory Board will be recommended by the new non-profit CBD Management Corporation Board of Directors. The Advisory Board will be distinct from the Management Corporation and shall meet at least once per year to advise the City Council on any changes to the district.

The proposed Koreatown/North Gate Community Benefit District will be administered by a yet-to-be-formed non-profit management corporation comprised of all property owners within the district. Accommodations should be made on the Board of Directors to include large and small property owners, representatives from each land use, as well as business tenants based in the district.

Property owners will be responsible for the payment of assessments into the new special benefits district although some assessments may be passed onto business or residential tenants. Thus the newly formed management corporation should acknowledge those paying indirectly into the district and endeavor to include their interests when it develops policy.

Once the district has been established, steps will be taken to establish this new corporation and enter into a contract for administration with the City of Oakland.

The management corporation, once formed, will create a number of policies which will help the Board of Directors to effectively manage the district. Such policies may include, but not be limited to: a decision making policy, use of banner policy, special event underwriters policy and an economic hardship policy.

The Advisory Board submits its report annually to the City Council on the anniversary of the district's renewal. The Management Corporation, shall aim to meet the following operational objectives for the Koreatown/North Gate CBD:

- *Create and manage programs that best respond to the top priorities of Koreatown/North Gate CBD stakeholders;*
- *Maximize coordination of the City government to avoid duplication of services and to leverage resources;*
- *Deliver services through a cost-effective, non-bureaucratic and easy to access organizational structure;*
- *Provide accountability and responsiveness to those who pay.*

#### 10. ENGINEER'S REPORT

Property owners in the Koreatown/North Gate CBD have emphasized that an assessment formula for the CBD be fair, balanced and commensurate with special benefits received.

NEW CITY AMERICA has contracted with Ed Henning and Associates to compile the required engineer's report under the guidelines of Proposition 218, Article XIID of the California State Constitution.

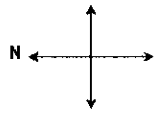
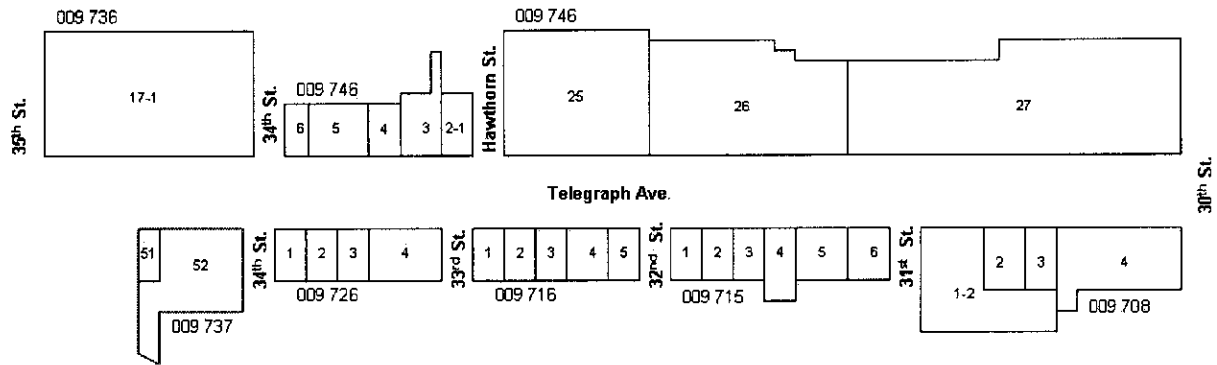
In preparing the engineer's report for the Koreatown/North Gate CBD Management District Plan, the engineer concluded that the special benefit to each parcel in the various benefit zones was found to be proportional to the property variable and their apportionment.

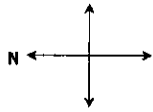
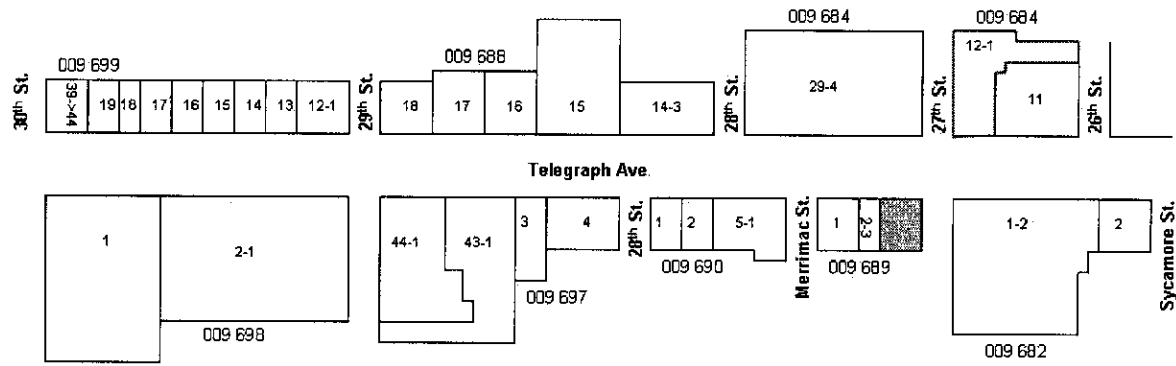
An Engineer's report for the CBD is provided in the Appendix.

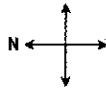
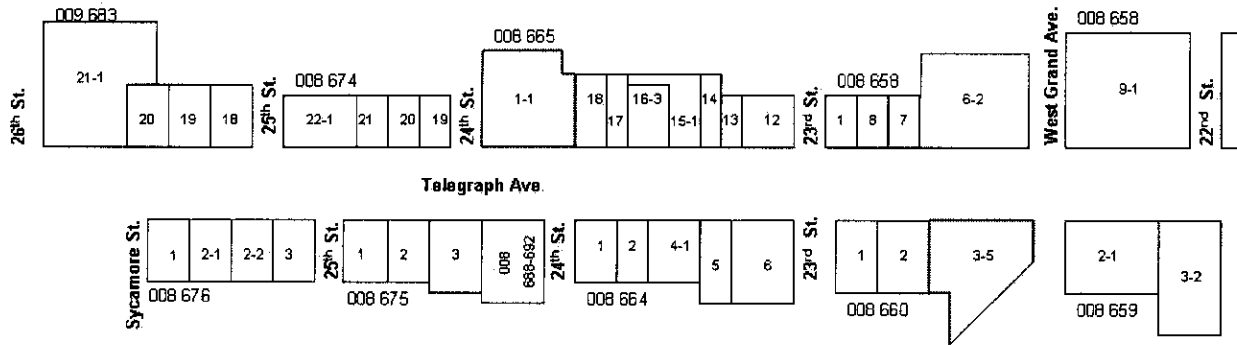
MAP OF THE KOREATOWN/NORTH  
GATE COMMUNITY BENEFIT DISTRICT  
MARCH 2007

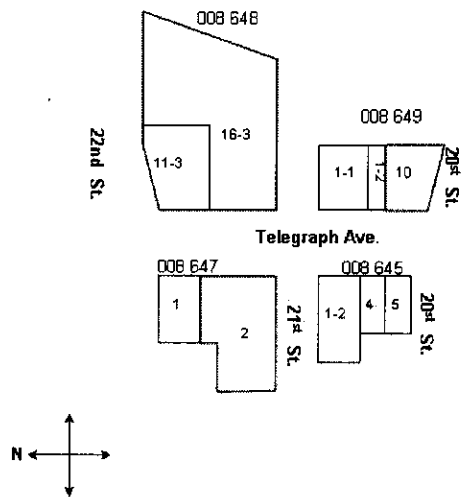


### Korea Town Community Benefit District Boundaries









10-YEAR PROJECTION OF ASSESSMENTS  
AND FUNDING CATEGORIES  
(WITH ADJUSTMENTS MADE ASSUMING A  
MAXIMUM OF 5% ADJUSTMENT FOR COST OF  
LIVING INCREASES)

2008 – 2017

# KOREATOWN CBD 10-YEAR PROJECTION BUDGET

Projected Budget	2008	2009	2010	2011	2012
Public Rights of Way & Sidewalk Operations/Beautification	\$167,076.00	\$175,429.80	\$184,201.29	\$193,411.35	\$203,081.92
District Identity & Streetscape Improvements	\$27,846.00	\$29,238.30	\$30,700.22	\$32,235.23	\$33,846.99
Administrative/Corporate Operations	\$55,692.00	\$58,476.60	\$61,400.43	\$64,470.45	\$67,693.97
Contingency/Reserve	\$27,846.00	\$29,238.30	\$30,700.22	\$32,235.23	\$33,846.99
<b>Total</b>	<b>\$278,460.00</b>	<b>\$292,383.00</b>	<b>\$307,002.15</b>	<b>\$322,352.26</b>	<b>\$338,469.87</b>

Projected Budget	2013	2014	2015	2016	2017
Public Rights of Way & Sidewalk Operations/Beautification	\$213,236.02	\$223,897.82	\$235,092.71	\$246,847.35	\$259,189.71
District Identity & Streetscape Improvements	\$35,539.34	\$37,316.30	\$39,182.12	\$41,141.22	\$43,198.29
Administrative/Corporate Operations	\$71,078.67	\$74,632.61	\$78,364.24	\$82,282.45	\$86,396.57
Contingency/Reserve	\$35,539.34	\$37,316.30	\$39,182.12	\$41,141.22	\$43,198.29
<b>Total</b>	<b>\$355,393.36</b>	<b>\$373,163.03</b>	<b>\$391,821.18</b>	<b>\$411,412.24</b>	<b>\$431,982.86</b>

# APPENDIX I

## LIST OF PARCELS TO BE ASSESSED

APN	ASSESSMENT	APN	ASSESSMENT
008 0645 001 02	\$ 3,891.26	008 0689 001 00	\$ 365.00
008 0645 004 00	\$ 750.00	008 0689 002 00	\$ 365.00
008 0645 005 00	\$ 1,749.90	008 0689 003 00	\$ 365.00
008 0647 001 00	\$ 1,640.00	008 0689 004 00	\$ 365.00
008 0647 002 00	\$ 3,260.00	008 0689 005 00	\$ 365.00
008 0648 011 03	\$ 3,693.80	008 0689 006 00	\$ 365.00
008 0648 016 03	\$ 9,500.00	008 0690 001 00	\$ 365.00
008 0649 001 01	\$ 2,458.04	008 0690 002 00	\$ 365.00
008 0649 001 02	\$ 469.70	008 0690 003 00	\$ 365.00
008 0649 010 00	\$ 2,035.50	008 0690 004 00	\$ 365.00
008 0658 001 00	\$ 1,084.50	008 0690 005 00	\$ 365.00
008 0658 006 02	\$ 2,306.36	008 0690 006 00	\$ 365.00
008 0658 007 00	\$ 714.10	008 0690 007 00	\$ 365.00
008 0658 008 00	\$ 703.00	008 0690 008 00	\$ 365.00
008 0658 009 01	\$ 3,629.02	008 0690 009 00	\$ 365.00
008 0659 002 01	\$ 3,057.02	008 0690 010 00	\$ 365.00
008 0659 003 02	\$ 4,287.60	008 0690 011 00	\$ 365.00
008 0660 001 00	\$ 1,104.80	008 0690 012 00	\$ 365.00
008 0660 002 00	\$ 848.40	008 0690 013 00	\$ 365.00
008 0660 003 05	\$ 1,708.10	008 0691 001 00	\$ 365.00
008 0664 001 00	\$ 1,094.00	008 0691 002 00	\$ 365.00
008 0664 002 00	\$ 833.34	008 0691 003 00	\$ 365.00
008 0664 004 01	\$ 919.50	008 0691 004 00	\$ 365.00
008 0664 005 00	\$ 823.65	008 0691 005 00	\$ 365.00
008 0664 006 00	\$ 2,783.40	008 0691 006 00	\$ 365.00
008 0665 001 01	\$ 4,602.84	008 0691 007 00	\$ 365.00
008 0665 012 00	\$ 2,057.80	008 0691 008 00	\$ 365.00
008 0665 013 00	\$ 567.90	008 0691 009 00	\$ 365.00
008 0665 014 00	\$ 476.10	008 0691 010 00	\$ 365.00
008 0665 015 01	\$ 2,842.10	008 0691 011 00	\$ 365.00
008 0665 016 03	\$ 1,411.32	008 0691 012 00	\$ 365.00
008 0665 017 00	\$ 884.80	008 0691 013 00	\$ 365.00
008 0665 018 00	\$ 1,201.96	008 0692 001 00	\$ 365.00
008 0674 019 00	\$ 1,952.41	008 0692 002 00	\$ 365.00
008 0674 020 00	\$ 1,434.09	008 0692 003 00	\$ 365.00
008 0674 021 00	\$ 1,219.28	008 0692 004 00	\$ 365.00
008 0674 022 01	\$ 2,956.80	008 0692 005 00	\$ 365.00
008 0675 001 00	\$ 2,258.04	008 0692 006 00	\$ 365.00
008 0675 002 00	\$ 1,290.00	008 0692 007 00	\$ 365.00
008 0675 003 00	\$ 1,932.22	008 0692 008 00	\$ 365.00
008 0676 001 00	\$ 2,060.00	008 0692 009 00	\$ 365.00
008 0676 002 01	\$ 1,032.00	008 0692 010 00	\$ 365.00
008 0676 002 02	\$ 1,184.40	008 0692 011 00	\$ 365.00
008 0676 003 00	\$ 1,400.00	008 0692 012 00	\$ 365.00
008 0688 001 00	\$ 189.12	008 0692 013 00	\$ 365.00
008 0688 002 00	\$ 175.20	009 0682 001 02	\$ 17,173.01
008 0688 003 00	\$ 100.80	009 0682 002 00	\$ 3,488.86
008 0688 004 00	\$ 221.04	009 0683 018 00	\$ 1,270.50
008 0688 005 00	\$ 365.00	009 0683 019 00	\$ 709.40



009 0683 020 00	\$	712.20	009 0726 002 00	\$	1,008.36
009 0683 021 01	\$	4,310.62	009 0726 003 00	\$	1,061.70
009 0684 011 00	\$	3,315.00	009 0726 004 00	\$	3,450.10
009 0684 012 01	\$	2,677.90	009 0736 017 01	\$	15,980.24
009 0684 029 04	\$	6,575.00	009 0737 051 00	\$	960.90
009 0688 014 03	\$	2,977.88	009 0737 052 00	\$	7,420.12
009 0688 015 00	\$	4,681.48	009 0746 002 01	\$	1,345.40
009 0688 016 00	\$	1,230.78	009 0746 003 00	\$	1,193.20
009 0688 017 00	\$	875.00	009 0746 004 00	\$	950.00
009 0688 018 00	\$	1,400.00	009 0746 005 00	\$	3,325.68
009 0689 001 00	\$	1,725.10	009 0746 006 00	\$	3,910.68
009 0689 002 03	\$	1,202.20	009 0746 025 00	\$	7,662.18
009 0690 001 00	\$	1,599.90	009 0746 026 00	\$	10,796.32
009 0690 002 00	\$	1,283.10	009 0746 027 00	\$	5,614.26
009 0690 005 01	\$	4,167.46			
009 0697 003 00	\$	1,440.36			
009 0697 004 00	\$	2,747.20			
009 0697 043 01	\$	2,897.76			
009 0697 044 01	\$	2,930.80			
009 0698 001 00	\$	2,571.20			
009 0698 002 01	\$	3,222.70			
009 0699 012 01	\$	1,926.20			
009 0699 013 00	\$	676.50			
009 0699 014 00	\$	676.90			
009 0699 015 00	\$	790.80			
009 0699 016 00	\$	674.52			
009 0699 017 00	\$	594.40			
009 0699 018 00	\$	705.92			
009 0699 019 00	\$	600.00			
009 0699 039 00	\$	238.30			
009 0699 040 00	\$	238.30			
009 0699 041 00	\$	326.46			
009 0699 042 00	\$	238.30			
009 0699 043 00	\$	238.30			
009 0699 044 00	\$	365.00			
009 0708 001 02	\$	3,401.50			
009 0708 002 00	\$	810.40			
009 0708 003 00	\$	1,302.30			
009 0708 004 00	\$	4,199.44			
009 0715 001 00	\$	1,101.20			
009 0715 002 00	\$	635.75			
009 0715 003 00	\$	695.72			
009 0715 004 00	\$	1,056.60			
009 0715 005 00	\$	1,594.60			
009 0715 006 00	\$	1,704.40			
009 0716 001 00	\$	1,305.55			
009 0716 002 00	\$	884.60			
009 0716 003 00	\$	806.30			
009 0716 004 00	\$	857.70			
009 0716 005 00	\$	1,250.00			
009 0726 001 00	\$	1,115.00			

**Koreatown/Northgate  
Community Benefit District**

**CITY OF OAKLAND - CALIFORNIA**

**DISTRICT  
ASSESSMENT ENGINEER'S  
REPORT**

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

*April 9, 2007*

## 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 Koreatown/Northgate Community Benefit District 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*



RPE #26549

April 7, 2007

Edward V. Henning

Date

### **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 benefit property assessments proposed to be levied within the Koreatown/Northgate Community Benefit District (Koreatown/Northgate CBD) in the City of Oakland, California being established for a ten (10) year period. The discussion and analysis contained within constitutes the required “nexus” of rationale between assessment amounts levied and special benefits derived by properties within the Koreatown/Northgate CBD.

NOTE 1: The terminology “identified benefiting parcel” or “property” is used throughout this report pursuant to SB 919 - “Proposition 218 Omnibus Implementation Act” which clarified portions of Prop 218. It provides the Engineer and District Consultant with the ability to actually identify individual parcels which will benefit directly either in whole or in part from the proposed District funded programs and improvements and does not imply that all parcels receive assessable benefits .

**Background**

The Koreatown/Northgate CBD is a property-based benefit assessment type district being renewed pursuant to the City of Oakland's Business Improvement Management District Ordinance of 1999 (the "BID Ordinance") under Municipal Code #12190 which was fashioned in part from Section 36600 et seq. of the California Streets and Highways Code, also known as the Property and Business Improvement District Law of 1994 (the "Act"). Due to the benefit assessment nature of assessments levied within a CBD, district program costs are to be distributed amongst all identified benefiting properties based on the proportional amount of program benefit each property is expected to derive from the assessments collected. Within the BID Ordinance and the Act, frequent references are made to the concept of relative "benefit" received from CBD 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 benefits expected to be received.

The method used to determine 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 Koreatown/Northgate 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.

Next, all program and activity costs, including incidental costs, district administration, ancillary programs, and volunteer and comped resource and material credits are estimated. It is noted, as stipulated in Proposition 218, and now required of all property based assessment districts, indirect and 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 must be calculated and factored out of the assessment cost basis to produce a "net" cost figure. In addition, Proposition 218 no longer exempts government owned property from paying benefit assessments and these properties must be factored into the assessment roll if special benefit is determined to be

conferred upon such properties.

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 parcel can be computed at this time 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. CBDs may require secondary benefit zones to be identified to allow for a tiered assessment formula for variable or “stepped-down” benefits derived.

### **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 Koreatown/Northgate CBD. These requirements are in addition to requirements imposed by State and local assessment enabling laws. These requirements were “chaptered” into law as Article XIII D of the California Constitution and then further clarified by the Proposition 218 Omnibus Legislation in 1997 chaptered in section 53750 et seq of the California Government Code.

Since Prop 218 provisions will affect all subsequent calculations to be made in laying out the final property assessment roll for the Koreatown/Northgate CBD, Prop 218 requirements will be taken into account first. The key provisions of Prop 218 along with a description of how the Koreatown/Northgate CBD complies with each of these provisions is 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 163 “identified” individual parcels within the Koreatown/Northgate CBD which will all derive some level of special benefit from the proposed District programs and activities. These parcels are shown on the Boundary Map within the Management District Plan and are listed as an attachment to the Plan - identified by assessor parcel number. One benefit zone has been identified within the District which generally includes all properties along Telegraph Ave from 20<sup>th</sup> to 35<sup>th</sup> as well as a number of properties on adjoining cross streets.

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

As stipulated by Prop 218, assessment district programs and activities confer a combination of general and special benefits to district properties, but the only program benefits which can be funded through assessments are those attributed to special property related benefits. Thus, a portion of the program costs must be considered attributable to general benefits and assigned a value. Conventional assessment engineering experience has found that general benefits within a given district may range from 2-15% of the total adjusted costs. (Total adjusted costs include actual proposed CBD program costs plus any additional supplemental or matching program costs as well as applied credits from sources such as start up grants, Board/Committee member service credits and specialized assessment reductions/adjustments.) There are three common methods for determining general and special benefit ratios within assessment districts:

- (1) The parcel by parcel allocation method
- (2) The program/activity line item allocation method, and
- (3) The composite district overlay determinant method.

The vast majority of CBDs in California have used Method #3, the composite district overlay determinant method which will be used for the Koreatown/Northgate CBD. Using empirical data from other CBDs, a focused range for general benefits from 2-8% is used. Based on a composite of district criteria such as the shape of the Koreatown/Northgate CBD, the existence of one benefit zone, a 4 element assessment formula, the proximity all of district properties to the applicable program benefit zones, and the nature of the proposed programs and activities, a specific “overlay” value of 5% is assigned to the general benefit portion of the total adjusted costs. This leaves a value of 95% assigned to special benefit related costs. Since the total adjusted program cost is estimated at \$312,306 (see Table 1 later in this Report), the maximum special benefit portion which can be recouped through property assessments, is \$296,691. Remaining costs which are attributed to general benefits, will need to be derived from other sources. (e.g. public/private matching grants, startup grants, startup volunteer credits or ongoing board member volunteer credits).

**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.

The proportionate special benefit cost for each parcel is listed in an attachment to the Management District Plan. The individual percentages (i.e. proportionate relationship to the total special benefit related program and activity costs) would be computed by dividing the individual parcel assessment by the total assessment revenue.

**Finding 4.** From Section 4(a): “No assessment..... shall exceed the reasonable cost of the proportional special benefit conferred on parcel(s).”

Not only are the proposed program costs reasonable due to the benefit of group purchasing and contracting which would be possible through the Koreatown/Northgate CBD, they are also considerably less than other options considered by groups like the Koreatown/Northgate CBD Formation Steering Committee.

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

Any parcels within the District that are owned by public agencies would also be assessed at rates equivalent to private sector owned parcels, including non-profit owned properties. The “fair market value” of such public properties is identical to surrounding privately owned parcels and any increased values and benefits derived from CBD programs and services would be similar for either public or privately owned parcels, with or without improvements. Just as the costs and effects of blight are shared by both public and private properties, so are the rewards of clean and safe as well as district promotions and marketing programs. Since there is no compelling finding or evidence that such properties would receive no direct benefit from the proposed CBD programs and services than surrounding private parcels, the same assessment rates would be levied.

**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 shall serve as the “detailed engineer’s report” to support the benefit property assessments proposed to be levied within the Koreatown/Northgate 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 shown on an attachment to the Management District Plan. The district and resultant assessment payments will continue for ten (10) years and may be renewed again at that time. The reasons (purposes) for the proposed assessments are outlined in the Management District Plan. The calculation basis of the proposed assessment for the CBD is attributed to the specific amount of street frontage, lot size, and building area - which varies by land use. Residential condos are based on a flat fee per unit.

### **Special Benefit and Assessment Analysis**

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

CBD assessment formulas typically are based on either property street frontage or parcel and building size or location, all which can affect the amount of 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 factors.

Based on the nature of the program activities to be funded by the Koreatown/Northgate CBD, which relate to variable amounts of street frontage, land and building area it has been determined that the assessments for the CBD will be based proportionately on street frontage, parcel size and building area with building area adjusted for land use.

The “Basic Benefit Unit” will be expressed as a function of linear feet of property frontage (Basic Benefit “A” Units), land square footage (Basic Benefit “B” Units) and building area (Basic Benefit “C” Units). Building square footage will be further categorized by “use”, (retail, office, industrial, multi-unit housing, etc). Definitions of the various land use categories are shown in the District Plan. Based on the linear shape of the Koreatown/Northgate CBD, as well as the nature of the District program elements, it is determined that one benefit zone exists in which identified properties will gain a direct, albeit, proportionate degree of benefit based on the respective amount of street frontage, parcel size and building size.

The assessments on parcels owned by institutional/government and non-profit corporations shall not include building square footage in the assessments. The reason for the lower assessment is that institutional and non-profits do not benefit from increased marketing or foot traffic on the public rights of way. However, they will still pay an assessment based on lot size and linear frontage and receive benefits from services in the district.



Single family residential units/condos, will be assessed a flat annual assessment, regardless of floor level or size of unit. Commercial or retail condos will be assessed on the same multi-variable basis as other parcels in the district.

Retail land uses, - restaurants, bars, coffee shops, liquor stores, drug stores, nail salons, etc. - or those land uses that benefit from increased walk-in traffic, will pay a higher annual assessment per square foot of retail building space, when compared to office, commercial, industrial or multi-family land uses.

Only retail and visitor related land uses would be assessed for the marketing and promotions aspects of the CBD budget. Building square footage assessments for development projects would be adjusted during the demolition and construction phases.

**Step 2. Quantify Total Basic Benefit Units**

Taking into account all identified benefiting properties, there are 16,146 linear feet of assessable property street frontage, 1,272,305 square feet of assessable parcel land area within the District and 787,556 square feet of assessable building area. In addition there are 47 residential condos. Since the selected Basic Benefit Unit is based on a combination of street frontage, parcel area and building area (or residential units), there are, in turn, corresponding amounts of Basic Benefit Units in the district as shown in Step 7 herein.

**Step 3. Calculate Benefit Units for Each Property.**

The number of Benefit Units for each identified benefiting parcel within the Koreatown/Northgate CBD was computed from data extracted from City of Oakland, Alameda County and third party real estate data services property and land use records. 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 has been provided to each property owner in the CBD for their review. All known or reported discrepancies or errors have been corrected.

**Step 4. Determine Assessment Formula**

For a District with a single Basic Benefit Unit with one Benefit Zone, the assessment formula would be the same for each identified benefiting property as follows:

$$\text{Number of Basic Benefit Units} \times \text{Basic Unit Cost} = \text{CBD Assessment}$$

The Koreatown/Northgate CBD is to be based on three Basic Benefit Unit factors; linear feet of property frontage (Basic Benefit “A” Units), land square footage (Basic Benefit “B” Units) and building area (Basic Benefit “C” Units) within one benefit zone. Residential condos will be based on a flat annual rate of \$365 (Basic Benefit “R” Units). It has been determined that the assessment should be based partially on street frontage, parcel size and building size or flat fee as follows:

$$\begin{aligned} \text{Assessment} = & \quad [(\text{No. of Benefit “A” Units} \times \text{Basic “A” Unit Cost})] + \\ & \quad [(\text{No. of Benefit “B” Units} \times \text{Basic “B” Unit Cost})] + \\ & \quad [(\text{No. of Benefit “C” Units} \times \text{Basic “C” Unit Cost})] \end{aligned}$$

OR

$$[(\text{No. of Benefit “R” Units} \times \text{Basic “R” Unit Cost})]$$

**Step 5. Estimate Total Program and Activity Costs**

Total estimated proposed program and activity costs are shown below in Table 1. These costs include expenses for general as well as special benefits and related programs/activities.

**TABLE 1**

**Estimated Total Year 1 Program & Activity Costs (Special+General Benefits)**

<b>Program/Activity</b>	<b>Year 1</b>	<b>%</b>
S.O.B.O	\$167,076	54%
D.I.S.I	\$27,846	9%
Administration	\$55,692	18%
Fees/Contingency	\$27,846	9%
Misc Other Costs/Credits	\$33,846	10%
<b>Total</b>	<b>\$312,306</b>	<b>100.00%</b>

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

Total program and activity costs are estimated at \$312,306 (see Table 1 above). General benefits are factored at 5% of total (see Finding 2 on page 5 of this report) with special benefits set at 95%. Prop 218 limits the levy of property

assessments to costs attributed to special benefits only. The 5% general benefit cost is computed to be \$15,615 with a resultant 95% special benefit limit computed at \$296,691. *This is the maximum amount of revenue that can be derived from property assessments from the subject CBD.* The total amount of revenue proposed to be derived from CBD assessments is \$278,460 for Year 1, which is less than the special benefit limit of \$296,691. Therefore, no Prop 218 adjustments need to be made to the proposed assessment formula. All program costs associated with general benefits will be derived from sources or credits other than CBD assessments as shown below in Table 2.

**TABLE 2**  
**Total Adjusted Year 1 Revenue (For Special + General Benefit Programs/Activities)**

Funding Source	Subtotal Revenue	% of Total
CBD Assessments	\$278,460	89%
CBD Formation Pro-rated Credit/Year (\$40,000 base)	\$4,000	1%
CBD Formation Pro-Rated Volunteer Credit/Year (50% base)	\$2,000	0.5%
Annual Estimated Board/Volunteer Credit (10% base program costs)	\$27,846	9.5%
<b>TOTAL ADJUSTED REVENUE</b>	<b>\$312,306</b>	<b>100.00%</b>

**Step 7. Calculate “Basic Unit Cost” (Special Benefits Only)**

With a Year 1 needed assessment revenue of \$278,460 (special benefit only), and a roughly targeted 30% of assessment revenue for street frontage, 45% for land area, 20% for building area and 5% for residential, the Basic Unit Costs (“A”, “B”, “C” and “R”) have been computed as follows:

$$\begin{aligned} \text{Basic Unit "A" Cost} &= (29 \% \text{ adjusted} \times \$278,460) &&= \$5.00/\text{unit} \\ \text{Basic Unit "B" Cost} &= (45.7 \% \text{ adjusted} \times \$278,460) &&= \$0.10/\text{unit} \\ \text{Basic Unit "C" Cost} &= (19.2 \% \text{ adjusted} \times \$278,460) &&= \$0.12/\text{unit C-A use} \\ &&&= \$0.08/\text{unit C-B use} \\ &&&= \$0.05/\text{unit C-C use} \\ &&&= \$0.05/\text{unit C-F use} \\ \text{Basic Unit "R" Cost} &= (6.2 \% \text{ adjusted} \times \$278,460) &&= \$365/\text{unit} \end{aligned}$$

**Note:**

Since the CBD is planned for a ten (10) year term, maximum assessments for future years (Years 2 through 10) must be set at the inception of the CBD. A maximum annual flat rate increase of 5% may be imposed each year, subject to approval by the CBD Board.

**Step 8. Spread the Assessments**

The resultant assessment spread calculations for each parcel within the CBD are shown in an attachment to the District Management Plan and were determined by applying the District assessment formula to each identified benefiting property.

# SAMPLE BALLOT FORMAT

(to the resolution of intention to establish the Koreatown/Northgate CBD of 2007)

## CITY OF OAKLAND KOREATOWN/NORTHGATE COMMUNITY BENEFIT DISTRICT OF 2007 PROPERTY OWNER BALLOT

This ballot is for the property owners of the parcel(s) identified below by Assessment Parcel Numbers (APN), which parcel(s) are located within the proposed Koreatown/Northgate Community Benefit District (CBD) of 2007, in the City of Oakland. Please advise the City of Oakland as soon as possible at (510) 238-6176 if the information set forth below is incorrect.

This ballot may be used to express either support for or opposition to the proposed Koreatown/Northgate CBD assessment. In order to be counted, this ballot must be completed, signed, and dated below by an owner of the identified parcel(s) or by an authorized representative of the owner. The ballot must be returned to the City Clerk of Oakland either by mail or in person to: Office of the City Clerk, Oakland City Hall, One Frank H. Ogawa Plaza, First Floor, Oakland, CA, 94612, Attn: Koreatown/Northgate CBD. If a majority of ballots received (as weighted by assessment) oppose the Koreatown/Northgate CBD assessment, the Koreatown/Northgate CBD will not be established and the Koreatown/Northgate CBD assessment will not be levied.

**Mail Delivery:** If by mail, fold and insert the ballot in the enclosed self-addressed stamped envelope, seal the envelope, and deposit in the U.S. mail.

**Personal Delivery:** If in person, fold and insert the ballot in the enclosed self-addressed envelope, seal the envelope provided and deliver to the City Clerk's office (address shown above) or deliver to the City Clerk at the public hearing on the Koreatown/Northgate CBD.

The assessment shall not be imposed if the ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment, with the ballots weighted according to the proportional financial obligation of the affected property.

**IN ORDER TO BE COUNTED, THIS BALLOT MUST BE RECEIVED BY THE CITY CLERK PRIOR TO THE CLOSE OF THE PUBLIC INPUT PORTION OF THE PUBLIC HEARING ON THE KOREATOWN/NORTHGATE CBD, WHICH IS SCHEDULED FOR JULY 17, 2007, AT 7:01 PM IN THE CITY COUNCIL CHAMBERS, OAKLAND CITY HALL, 1 FRANK OGAWA PLAZA, OAKLAND, CALIFORNIA 94612. To cast this ballot, check the appropriate box below (either yes or no), sign the ballot at the bottom, and return either this entire page or the portion below this line.**

### BALLOT

*Please mark in the box below to cast your vote:*

- YES**, I am in favor of the formation of the district and the proposed assessments against the parcel(s) identified on this ballot.
- NO**, I oppose the formation of the district and the proposed assessment against the parcel(s) identified on this ballot.

**Owner**

**APN**

**Assessment**

Total Koreatown/Northgate CBD Assessment Amount (Votes Cast)

XXXXXXXX

\_\_\_\_\_  
NAME (PRINTED)

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
DATE