

EXECUTIVE SUMMARY

This agenda report shall serve as the Preliminary Report referenced in OMC section 4.48.090 and proposes that district formation proceedings be commenced in accordance with OMC Chapter 4.48. To initiate a special property owner election to determine whether the proposed Laurel Business Improvement District 2016 (hereinafter "Laurel BID 2016") can be formed, the City Council would need to first receive a petition in favor of forming the Laurel BID 2016 endorsed by more than 30 percent (30%) of the weighted value of the property assessments that would be imposed if the Laurel BID 2016 is established. At the time of publication of this Report, over 41.90 percent (41.90 %) of affected property owners have signed the petition in support of formation of this District. Accordingly, the City Council may adopt the attached proposed Resolution of Intention and conduct a Public Hearing not less than 45 days after notice of the Public Hearing is published. Upon passage of the Resolution of Intention, ballots will be mailed to each affected property owner pursuant to the City of Oakland's Business Improvement Management District Ordinance (Ord. No. 12190 C.M.S., 1999) and State Proposition 218.

Council shall approve formation of the Laurel BID 2016 and the assessment if, at the close of the Public Hearing, a majority protest is not established. A majority protest exists if, upon the conclusion of the Public Hearing, ballots submitted in opposition to the establishment of the Laurel BID 2016 and corresponding property assessment exceed the ballots submitted in favor of the Laurel BID 2016 and corresponding property assessment. In tabulating the ballots, the ballots shall be weighted according to the proportional financial obligation upon the affected property. The results of the balloting will be heard at the public hearing to be scheduled for July 7, 2015, at which time the City Council will also hear public testimony and make a final decision regarding Laurel BID 2016 formation.

In 2005 the Laurel Property Business Improvement District of 2005 was formed pursuant to Resolution No. 79380 C.M.S. for a 10 year term. The Laurel BID 2005 has met all of its responsibilities as defined by the 2005 District Management Plan. Laurel District stakeholders are interested in continuing the Laurel BID, expanding its district boundaries and continuing the services offered to the area for a new ten year term. The stakeholders have met the requirements of the City of Oakland's enabling ordinance by submitting qualified petitions and an appropriate District Management Plan certified by a qualified District Assessment Engineer. Per the proposed Laurel 2016 BID District Management Plan, the FY 2016 year annual assessments per property variables are as follows:

<i>Linear Frontage costs:</i>	\$ 6.89 per linear foot/year
<i>Building Square Footage costs:</i>	\$ 0.0757 per square foot/year
<i>Lot Size costs:</i>	\$0.13247 per square foot/year
<i>Residential Condo costs:</i>	\$0.20 per square foot of parcel unit square footage

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CED Committee
April 28, 2015



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OAKLAND

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AGENDA REPORT

TO: JOHN A. FLORES
INTERIM CITY ADMINISTRATOR

FROM: Mark Sawicki

SUBJECT: Laurel Business Improvement District 2016

DATE: April 3, 2015

City Administrator
Approval

Date

COUNCIL DISTRICT: #4

RECOMMENDATION

Staff recommends that the City Council adopt:

A Resolution Of Intention To Form The Laurel Business Improvement District 2016; Granting Preliminary Approval Of The Laurel BID 2016 Management Plan; Directing Filing Of The Proposed Assessment District Boundary Description; Directing Distribution of a Ballot to All Affected Property Owners Whereby They Can Vote "In Favor Of" or "Against" the Proposed Laurel BID 2016 and Assessment to Determine Whether A Majority Protest Exists; And Scheduling A Public Hearing For July 7, 2015.

OUTCOME

Adoption of the attached Resolution of Intention will initiate a special election to determine whether the proposed Laurel Business Improvement District 2016 (hereinafter "Laurel BID 2016") can be formed. If the district is formed, it will generate approximately \$182,390 of special assessment revenues in year one of the district and up to approximately \$2,294,081 over the proposed ten year life of the district. While technically a new business improvement district, the Laurel BID 2016 is a renewal of the 2005 Laurel Business Improvement District, which ends in December 2015. The new district also proposes to add seventeen new parcels and ten new property owners. Funds generated will be used to pay for special benefit services including, but not limited to, enhanced cleaning, safety programs, and marketing and promotion services for assessed properties as further described in *Exhibit A* (District Management Plan dated February 28, 2015) to the attached Resolution of Intention. *Exhibit B* (Sample Property Owner Ballot) is an example of a ballot that will be mailed to the affected property owners; the mailing will also include information containing the procedures for the completion and return of the ballot by or at the proposed public hearing of July 7, 2015.

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If established, the Laurel BID 2016 will generate special assessment revenues of approximately \$182,390 per year for a period of ten years (or up to approximately \$2,294,081 over the life of the district, if allowable 5 percent annual increases to the assessments are taken). The Laurel BID 2016 includes seventeen (17) additional parcels and ten (10) new property owners which will add approximately \$12,537 or slightly over seven percent (7%) to its operating budget in the first year of operation. Services to be provided are outlined in a District Management Plan (*Exhibit A* to the attached Resolution of Intention) drafted by district representatives and include, but are not limited to, special benefit cleaning, safety programs, marketing, public right of way beautification, and other economic development services within the proposed district.

BACKGROUND/LEGISLATIVE HISTORY

In 1999 the City Council approved the City of Oakland Business Improvement Management District Ordinance (Ord. No. 12190 C.M.S. of 1999 codified as Chapter 4.48 of the Oakland Municipal Code), which allows for the formation of property-based special assessment districts to undertake a range of special benefit services within the assessment area, independent from government, to support the economic viability of affected commercial neighborhoods.

That same year (1999) the Oakland City Council also authorized initiation of the Neighborhood Business Improvement District (NBID) Program (Resolution No. 75323 C.M.S.) to assist neighborhood representatives in their attempts to form such districts.

The Laurel Property Business Improvement District of 2005 was formed on July 19, 2005, pursuant to Resolution No. 79380 C.M.S. for a 10 year term. The Laurel BID 2005 has met all of its responsibilities as defined by the 2005 District Management Plan. Activities completed by the Laurel BID of 2005 are detailed in annual reports to the City Council pursuant to enabling legislation and, include but are not limited to, special benefit cleaning, corridor safety programs, corridors events and various marketing and promotional activities. The most recent Annual Report was approved by the City Council in December 2014.

The Laurel District stakeholders are interested in continuing the Laurel BID, expanding its district boundaries and continuing the services offered to the area for a new ten year term. In 2014 Laurel District stakeholders hired a private BID consultant firm (New City America, Inc.), to assist with the formation of a proposed Laurel BID 2016. Pursuant to those efforts, in April 2015 district stakeholders filed evidence of support sufficient to qualify for the attached Resolution of Intention to form the Laurel BID 2016. Evidence of sufficient support is comprised of a petition in favor of the creation of the Laurel BID 2016 and corresponding property assessment, signed by affected property owners representing more than 30 percent of total projected district assessments.

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ANALYSIS

BIDs have contributed significantly to Oakland's economic development progress and continue to contribute at a rate of approximately \$4.46 million per year. As more mixed use infill development occurs in Oakland's commercial zones, residential property owners have also directly benefited from special benefit services provided by these special assessment districts. As such the cumulative impact of BIDs continues to grow, making them an increasingly useful tool for supporting broader revitalization efforts in Oakland's mixed use commercial neighborhoods.

The initiative taken by district stakeholders to form the proposed special assessment district also represents a productive step towards community self-empowerment as well as a viable opportunity to cultivate additional public-private investment partnerships, all of which may merit the City's support.

If approved by affected property owners under the procedure set forth primarily in OMC section 4.48.070, the proposed Laurel BID 2016 will generate approximately \$182,390 in year one of the district and up to \$2,294,081 over the ten year term of the district. The proposed Laurel BID 2016 does not include any City of Oakland owned properties.

Under the proposed Laurel BID 2016 the Laurel BID 2005's boundaries (which expires on December 12, 2015) will be expanded to include the parcels within one block north of 35th Street to Midvale Avenue and one block south of High Street on MacArthur as well as one half block east and one block west of MacArthur at 35th Street. See Page 11 of *Exhibit A* to the attached Resolution of Intention contains a map of the proposed Laurel BID 2016 boundaries and each lot or parcel within it.

Overall, the Laurel BID 2005 has met the objectives of creating opportunities for public-private investments and partnerships. The BID has assisted the Laurel commercial corridor to reduce its vacancy rates by attracting and supporting new businesses with maintenance, landscaping and security services. Prior to the establishment of the Laurel BID 2005, the retail vacancy rate in the area was close to seven percent (7%) and at the end of 2014; the retail vacancy rate has dropped to close to two percent (2.0%). Another metric that can demonstrate the effectiveness of the Laurel BID 2005 contributions to Laurel District commercial area is the increased commercial rental rate which has gone up to \$1,150 in 2014 from \$950 in 2004. In addition, the Laurel BID 2005 has produced and promoted an average of 10 public events each year which promotes district shops and businesses. The Laurel Street Fair has grown in attendance each year; in 2014, attendance was estimated at 10,000 visitors.

The proposed Laurel BID 2016 will continue vital corridor support services, provide business attraction and support efforts to an expanded portion of MacArthur Boulevard. The proposed district will generate a larger budget of approximately \$12,537 in its first year to continue and expand district services and assist an additional seventeen (17) parcels. The proposed maintenance, improvements, and activities for the proposed District and an estimate of the costs

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and expenses of said work for each year is contained on pages 12-15 of *Exhibit A* to the proposed Resolution of Intention, as well as in the Certified Engineer's Report, which is included as *Attachment A* to said *Exhibit A*. *Exhibit B* (Sample Property Owner Ballot) is an example of a ballot that will be mailed to the affected property owners; the mailing will also include information containing the procedures for the completion and return of the ballot by or at the proposed public hearing of July 7, 2015.

PUBLIC OUTREACH/INTEREST

For the City Council to adopt the attached Resolution of Intention, enabling legislation does not require City staff to conduct public outreach other than the required posting on the City's website. District stakeholders, however, did perform outreach necessary to secure the requisite number of property owner petitions to qualify for adoption of the attached Resolution of Intention.

COORDINATION

The City's Controller's Bureau, Office of the City Attorney and the Oakland Public Works were consulted in the preparation of this report and/or its attachments.

COST SUMMARY/IMPLICATIONS

If the proposed BID were to be formed its ongoing operations is anticipated to be largely cost neutral to the City's general fund. The majority of the district formation will be funded by district stakeholders themselves.

The cost of City staff time to provide technical assistance to the BID formation effort is already accounted for in the FY2014-15 approved budget and will also be included in the FY 2015-17 budget development process. If the assessment is approved, the City Treasury Bureau will provide invoices to tax exempt entities that are not on the County of Alameda's property tax roll. For taxable entities, the County of Alameda will add the assessment as a line item to the annual property tax bill of each affected property owner and remit the amount collected (less the County's collection fee of approximately (1.7% of total assessment) to the City. The City, in turn, will disburse the funds to the district, pursuant to a written agreement between the City and the district's non-profit management corporation.

No fiscal impact is anticipated to the City. The Laurel BID 2016 if approved will be a self-funded and self-administered entity. Until disbursed, Laurel BID 2016 assessments will be held in a special trust fund established on behalf of the district in Miscellaneous Trusts Fund (7999)/Treasury: Operations Org (08721)/Pass Thru Assessments Account (24224)/Undetermined Project (0000000)/Laurel BID Program (BIDL).

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The written agreement to be signed between the City and the designated BID non-profit management corporation also provides for a 1 percent (1%) administrative fee to be charged to the district to partially recover the City's costs of administering the district, including costs incurred by the Treasury Bureau for providing the services described above.

Lastly, if the Laurel BID 2016 is formed, program guidelines state that the City is expected to maintain a base level of service within the district equivalent to the level prior to formation of the assessment district. Maintaining baseline services, however, commits no additional City funds beyond what already exists. Proportional reductions to baseline services may occur resulting from changes in the City's overall financial condition.

SUSTAINABLE OPPORTUNITIES

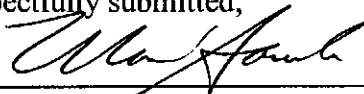
Economic: The proposed levy will fund activities which are intended to support the eventual increase of property, sales, and business tax revenues, as well as, increased job opportunities and on-going economic development of the Laurel commercial district.

Environmental: The proposed levy will enable the district to continue its efforts to strengthen and beautify the physical image of the affected commercial neighborhood by providing special benefit services such as enhanced sidewalk cleaning, graffiti removal, trash removal, and marketing of businesses along the Laurel commercial corridor.

Social Equity: The proposed special assessment district will incorporate members of the affected commercial neighborhood into a productive and proactive entity representing the interests of that community. Stakeholders themselves will be responsible for administering district revenues, which contributes to community self-empowerment which may, in turn, contribute to various social equity goals.

For questions regarding this report, please contact Aliza Gallo, Economic Development Manager, at (510) 238- 7405.

Respectfully submitted,



Mark Sawicki, Director
Economic and Workforce Development
Department

Prepared by:
Aliza Gallo
Economic Development Manager

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April 28, 2015

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OAKLAND CITY COUNCIL

RESOLUTION _____ C.M.S.

RESOLUTION OF INTENTION TO FORM THE LAUREL BUSINESS IMPROVEMENT DISTRICT 2016 ("LAUREL BID 2016"); GRANTING PRELIMINARY APPROVAL OF THE LAUREL BID 2016 MANAGEMENT PLAN 2016; DIRECTING FILING OF THE PROPOSED LAUREL BID 2016 ASSESSMENT DISTRICT BOUNDARY DESCRIPTION; DIRECTING DISTRIBUTION OF A BALLOT TO ALL AFFECTED PROPERTY OWNERS WHEREBY THEY CAN VOTE "IN FAVOR OF" OR "AGAINST" THE PROPOSED LAUREL BID 2016 AND ASSESSMENT TO DETERMINE WHETHER A MAJORITY PROTEST EXISTS; AND SCHEDULING A PUBLIC HEARING FOR JULY 7, 2015

WHEREAS, the City Council of the City of Oakland enacted the City of Oakland Business Improvement Management District Ordinance (Chapter 4.48, Ordinance 12190 of 1999, hereinafter "BIMD Ordinance") 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 Laurel district previously petitioned for the creation of the Laurel Property Business Improvement District of 2005 (hereinafter "Laurel 2005"), and said Laurel 2005 and corresponding assessments were approved by the Oakland City Council through Resolution No. 79380, dated July 19, 2005; and

WHEREAS, the Laurel 2005 will reach the end of its maximum 10 year existence by the end of 2015, as authorized by Oakland Municipal Code Chapter 4.48; and

WHEREAS, the property owners in the Laurel district have duly petitioned to form the Laurel Business Improvement District 2016 ("Laurel BID 2016") under the BIMD Ordinance, and have proposed the Laurel BID 2016 Management Plan (Laurel BID 2016 Plan) for the operation of the Laurel BID 2016, attached hereto and incorporated by reference as *Exhibit A* hereto ("Laurel BID 2016 Plan"); and

WHEREAS, the Laurel BID 2016 Plan contains a detailed engineer's report prepared by a registered professional engineer recognized by the State of California (see *Attachment A* of *Exhibit A* to this Resolution of Intention) ("Engineer's Report"); and

WHEREAS, the Laurel BID 2016 Plan was prepared in accordance with the provisions of Article XIII of the California Constitution, and has been filed with the City Clerk for proceedings in formation of this district; and

WHEREAS, the Laurel BID 2016 Plan, incorporated by this reference, provides for enhanced cleaning, marketing, and promotional activities and improvements of particular benefit to the properties located within the proposed Laurel BID 2016 (as more specifically identified in the Laurel BID 2016 Plan); and

WHEREAS, the Laurel BID 2016 Plan was prepared in accord with the provisions of the BIMD Ordinance overseeing the formation of the Laurel BID 2016 as referenced above, and has been filed with the City Clerk for proceedings in formation of this Laurel BID 2016; now, therefore be it

RESOLVED, that the City Council of the City of Oakland finds that the Laurel BID 2016 Plan 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, find, determine and give notice as follows:

1. The Preliminary Report of the City Clerk was filed on April 17, 2015 which describes the matters required by the BIMD Ordinance.
2. A business improvement management district is proposed to be established pursuant to the BIMD Ordinance with the boundaries as specified in the Laurel BID 2016 Plan.
3. 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 Laurel BID 2016.
4. The Laurel BID 2016 Plan is preliminarily approved and the assessments for the first year shall be as provided for in the Laurel BID 2016 Plan if the Laurel BID 2016 is established.
5. The District shall be a business improvement management district, and the name of the District shall be the "Laurel Business Improvement District 2016".
6. 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 Laurel BID 2016 and the time period for which the proposed improvements are to be made are those specified in Section 3 of the Laurel BID 2016 Plan.
7. Except where funds are otherwise available, an assessment will be levied annually to pay for all improvements and activities within the Laurel BID 2016.

8. No fiscal impact is anticipated to the City. The Laurel BID 2016 if approved will be a self-funded and self-administered entity. Until disbursed, Laurel BID 2016 assessments will be held in a special trust fund established on behalf of the district in Miscellaneous Trusts Fund (7999)/Treasury: Operations Org (08721)/Pass Thru Assessments Account (24224)/Undetermined Project (0000000)/Laurel BID Program (BIDL).
9. The boundaries of the Laurel BID 2016 are described and delineated in Section 2 of the Laurel BID 2016 Plan, including a map outlining each affected lot.
10. The proposed method and basis of calculating the assessments to be levied against each property in the Laurel BID 2016 is set forth in Section 4 of the Laurel BID 2016 Plan, summarized as follows: for parcels other than residential condominiums - the assessments will be based on the gross lot size, building square footage and linear street frontage of each parcel located within the Laurel BID 2016. For residential condominiums - the assessment will be levied based upon the floor area of each condominium parcel. The amount of first-year assessments proposed for each property is contained in Section 7 of, and also in Attachment A (Engineer's Report) to, the Laurel BID 2016 Plan.
11. The assessments for the entire Laurel BID 2016 equal \$182,390 for the first year of the Laurel BID 2016 and the amount chargeable to each parcel are as shown in Section 7 of and in Attachment A to the Laurel BID 2016 Plan.
12. The Laurel BID 2016 shall be in existence for a period of ten (10) years (as provided for in the Laurel BID 2016 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 Laurel BID 2016 Plan.
13. 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 Laurel BID 2016 Plan for each year that the Laurel BID 2016 is in existence unless modified by the City Council on the recommendation of the Laurel BID 2016 Advisory Board.
14. The City Clerk is directed to mail a copy of the Resolution of Intention to form the Laurel BID 2016 along with the ballots (see *Exhibit B* hereto) for the written protest procedure to all affected property owners in the Laurel BID 2016 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 Laurel BID 2016, 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 Laurel BID 2016 to all affected property owners in the proposed Laurel BID 2016 not less 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.

15. A Public Hearing is set for July 7, 2015, (at 6:30 P.M. in the City Council Chambers in City Hall, located at 1 Frank H. Ogawa Plaza, Oakland California), and as may be continued by the City Council, to hear public testimony and protests, to complete the counting of the returned ballots as to the formation of the District, and to take final action as to the formation of the District.
16. At the Public Hearing, the testimony of interested persons for or against the establishment of the Laurel BID 2016, the proposed assessment, the boundaries of the Laurel BID 2016, or the furnishing of the specified types of improvements or activities will be heard.
17. Filing of Protests
 - a) 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 as *Exhibit B* 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.
 - b) 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.
 - c) 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.
 - d) A written protest which does not comply with the requirements stated above shall not be counted in determining a majority protest.

18. Tabulation of Ballots - After the close of the Public Hearing, tabulation of the ballots will be completed under the direction of the City Clerk and the results of the tabulation will be reported to the City Council. If there is a majority protest, the assessment will not be imposed. A majority protests exists if, upon the conclusion of the Public Hearing, ballots submitted in opposition to the Laurel BID 2016 and corresponding assessment exceed the ballots submitted in favor of the Laurel BID 2016 and corresponding assessment. In tabulating the ballots, the ballots shall be weighted according to the proportional financial obligation upon the affected property.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, _____

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, CAMPBELL WASHINGTON, GALLO, GUILLEN, KALB, KAPLAN, REID, and
PRESIDENT GIBSON MC ELHANEY

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____

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



Exhibit A
(To the Resolution of
Intention to Form the
Laurel BID 2016)

The Laurel Business Improvement District 2016 Management Plan

Final Plan – February 28th, 2015

Prepared pursuant to the City of Oakland's
Business Improvement Management District Ordinance No. 12190 of 1999, Codified as
Municipal Code Chapter 4.48
For the Laurel District Association

Prepared by:
New City America, Inc. and
The Laurel
Business Improvement District Renewal Committee
Laurel District Association



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Laurel Business Improvement District 2016 Management Plan

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Attachment:

A. Engineer's Report

Section 1

Management Plan Summary

The name of this Business Improvement Management District is the Laurel Business Improvement District 2016 (hereinafter the "LBID 2016"). The District is being formed pursuant to the City of Oakland's Business Improvement Management District Ordinance No. 12190 of 1999, codified as Municipal Code Chapter 4.48 hereinafter referred to as "the Ordinance."

Developed by the Laurel BID Renewal Committee, of the Laurel District Association – this Management District Plan is proposed to improve and provide special benefits to individual parcels located within the boundaries of the newly proposed Laurel District Business Improvement District 2016. The LBID 2016 includes an expansion beyond the boundaries of the 2005 BID. The proposed LBID 2016 will provide special benefit district improvements and activities, including cleaning, beautification, district identity, and other special benefit programs to parcels within the boundaries of the proposed district. We will continue to advocate for improved services and a greater presence of the Oakland Police Department as well as seek to increase City services within the new District.

The proposed LBID 2016 serves to improve the individual parcels, attract new customers to their businesses, increase sales, increase occupancies and enhance the benefitting individual parcels within the LBID 2016. The proposed LBID 2016 seeks to fund the special benefits that will be provided over the next ten years, based upon keeping the Laurel Business District, safe, orderly, attractive, well marketed with special events and programs, and increase commerce within the boundaries.

Background:

As a property owner in the current 2005 Laurel Business Improvement District (LBID 2005) as well as in those parcels just north and south of the existing LBID 2005, property owners have undoubtedly noticed the significant improvements over the past nine years along MacArthur Blvd. from 35th Street to High Street. These improvements and the new identity of this District - that has brought much attention to "*The Laurel*" - are directly attributable to the work and funding of the 2005 Laurel District BID.

In 2004, property owners along MacArthur Blvd between 35th and High Street voted to assess themselves to fund special benefit improvements, or those services in addition to those provided by the City of Oakland. These improvements and activities were funded by the property owner assessments and have been managed by a volunteer non-profit Board of Directors.

These improvements and the accomplishments have included the following:

- **Winning Best of the East Bay Award 2011** – The LDA efforts resulted in a “Best Completely Re-Imagined Neighborhood” Award from East Bay Express.
- **Attracting businesses:** Nine new businesses in 2013, with six more slated for 2014.
- **Filling Vacancies:** The Laurel District Associations’ (LDA) prioritization of this work is a key reason the vacancy rates in the district are the lowest they have been in recent years, with many chronically vacant properties now filled. (8% vacancy in 2013 is half that of previous years, and is well below the City average of 15%)
- **Keeping the District Safe:** The LDA created an innovative neighborhood Ambassador program that blends security and safety efforts with pro-active community-building events and strategies. The program is recognized by the City as a key feature in keeping the crime rates low in the commercial corridor.
- **Beautifying and Cleaning the Corridor:** The LDA coordinates daily sidewalk and gutter maintenance, collecting over seven tons of trash, and abating approximately 2000 sq ft of graffiti tags annually. The LDA oversaw the installment and weekly maintenance of cross-street arches and planters along MacArthur Blvd., as well as streetscape improvements such as tree well grates and trashcans, and improved pedestrian lighting.
- **Engaging Community:** Through marketing efforts, neighborhood studies, and community collaborations, the LDA maintains strong connections to local neighborhood groups, 5 schools and colleges, local parks and rec centers and the general public. The LDA supports many efforts to build a strong community in the Laurel.
- **Building Community through Public Events:** The LDA produces the annual Laurel Street Fair, which draws over 10,000+ people each year to the district and is recognized as one of the best neighborhood festivals in Oakland. 10+ other events produced by the LDA annually draws thousands more to the neighborhood.
- **Bringing Visibility to the District:** The LDA initiated and maintains monthly online and print marketing efforts that have a targeted audience of 20,000+ locally and utilizes an innovative neighborhood engagement strategy.
- **Giving the District a New Look:** The LDA oversaw the design of a new logo and marketing strategy for the district. We developed and installed 20 pieces of public art installed along MacArthur Blvd. The LDA designs and installs street banners featuring neighborhood artists to accentuating the neighborhood feel of the district.
- **Working with the City:** The LDA is a valuable communication liaison between Laurel property owners, merchants and residents with City of Oakland staff in regards to public safety, cleanliness and ongoing issues. We work with property owners and merchants to

support access to capital improvement opportunities, to develop district design guidelines, and to represent the community in City public and business forums.

Over the past 15 years, the business, residential and commercial property owners in other communities in Oakland have supported the self-management and improvement of their respective communities by embracing a tool known as a BID (Business Improvement District) or *Community Benefit Districts*. These BID *assessment districts* have given residents, business and property owners in Downtown Oakland, Lake Merritt/Uptown, Montclair, Lakeshore, Fruitvale, Temescal, Rockridge, Jack London Square area and Koreatown/Northgate communities, the funding they need to pay for “special benefit services” and lead their own community revitalization. Downtown’s and Lake Merritt/Uptown’s colorfully uniformed ambassadors have made a dramatic impact over the past four years in the feel and maintenance of order of those districts.

The BID model has become a cost effective, community-controlled financing tool throughout Oakland, state and nation, to fund services over and above those provided by the municipalities. These are community generated and community controlled special benefit funds.

Expanded Boundaries:

The Laurel BID of 2005 is a great example of how effective and “results-oriented” a BID can be. Under the proposed LBID 2016 the LBID 2005’s boundaries (which expires on December 12, 2015) will be expanded to include the parcels within one block north of 35th Street to Midvale Avenue and one block south of High Street on MacArthur as well as ½ block east and one block west of MacArthur at 35th Street. The attached map (page 11) indicates the boundaries of the proposed LBID 2016.

Budget:

The total first-year LBID 2016 budget based upon assessable individual parcel owners for FY 16, will be \$ 182,390.00. Please see Section 3 for a breakdown of the categories of special benefit services.

Improvements, Activities and Services of the Laurel Business Improvement District 2016 Plan:

There are four basic categories of special benefit services that will be funded by the LBID 2016. All of these services will confer a special benefit to the individual parcels within the LBID 2016. The categories of special benefits are as follows:

1. ***Sidewalk Operations, Beautification and Order (SOBO):*** This includes all sidewalk and gutter cleaning services, sidewalk steam cleaning services, graffiti removal, trash removal, as well as beautifying the district based. This category of the budget will be allocated \$60,000 or approximately 33% of the first year budget to fund its services.
2. ***District Identity and Streetscape Improvement (DISI):*** These services include the branding of the renewed Laurel BID 2016 including: marketing and promotions,

newsletter, public relations, media relations, social media, publicity, special events, lighting, website development and maintenance, public space develop and holiday decorations. This category of the budget will be allocated \$72,000 or approximately 40% of the budget to fund these services.

3. **Administration/Management Services:** This category of the budget will be allocated \$40,000 during the first year, or approximately 22% of the first year budget.
4. **Contingency/Reserve.** This contingency anticipates a "historic" non-payment rate percentage of 3 to 5%, and any City or County collection fees. This category of the budget will be allocated \$ 10,390.00 or approximately 5% of the first year annual budget of the renewed BID.

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 property owners 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.* One special benefit service may be a priority one year, however another special benefit may be a priority another year. Both of these services will fall within the same special benefit category.

**First Year Laurel Business Improvement District 2016
Special Benefit Service Budget (Figures are rounded)**

Program or Service	% of Budget	Est. Cost of Benefit
Sidewalk Operations, Beautification and Order (SOBO)	33%	\$ 60,000.00
District Identity	40%	\$ 72,000.00
Administration/Management Services	22%	\$ 40,000.00
Contingency/Reserve	5%	\$10,390.00
Total First Year Budget	100%	\$ 182,390.00

Method of Financing:

The financing of the LBID 2016 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 BID. Those four factors are:

- *Linear frontage along all street frontages.* Parcels frontage assessments will fund the special benefit services for the Sidewalk Operations portion of the BID budget.
- *Lot square footage or the footprint of the parcel.* Approximately 50% of the lot size assessments will fund the District Identity services and all of the building assessments will fund the balance of the District Identity services. The purpose of this special benefit is to promote the district as a whole and the result will be greater demand for the land throughout the new expanded BID.
- *Building square footage* will fund the balance of the District Identity services since these special benefit services will result in increased commerce and increased rental prices to property owners.
- *Residential condos* will pay into the district and have their services allocated to all of the categories of services at the same percentages as are allocated by the management district plan percentages.

The following data represents the foundation of the assessments that will generate the revenue to fund the Laurel Business Improvement District: (verified as of January 31st, 2015);

Assessable Building Square Footage:	394,856 sq. feet
Assessable Lot Square Footage:	675,401 sq. feet
Assessable Linear Frontage:	8,662 linear feet
Assessable Residential Condos:	
Unit Square Footage:	16,740 assessable building square footage
	Currently, there are only a few existing residential condominiums and SFR within the Laurel BID 2016 boundaries.

Benefit Zones:

There will be one benefit zone in the proposed Laurel Business Improvement District 2016.

Costs:

Annual assessments are based upon an allocation of program costs by assessable linear frontage, PLUS lot or parcel square footage; PLUS assessable building square footage, and in the case of residential condos, only by unit 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 potentially ascending land use sector within the Laurel district. All four property variables will be used in the calculation of the annual assessment. The proposed FY 2016 year annual assessments per property variable are as follows:

Linear Frontage costs:	\$ 6.89 per linear foot/year
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Building Square Footage costs:	\$ 0.0757 per square foot/year
Lot Size costs:	\$0.13247 per square foot/year
Residential Condo costs:	\$0.20 per square foot of parcel unit square footage

Assessment District Revenue Generation from each property variable:

Linear Frontage :	\$ 59,681.00
Building Square Footage:	\$ 29,891.00
Lot Square Footage:	\$ 89,470.00
SFR/Residential Condos	<u>\$ 3,348.00</u>
_Total:	\$ 182,390.00

Cap:

The LBID 2016 budget and assessments may be increased annually in an amount not to exceed 5% per year based upon a recommendation of the LBID 2016 Advisory Board and Oakland City Council acceptance under OMC section 4.48.200.C. Increases greater than 5% in any single year will require Advisory Board approval, City Council Approval, and will be subject to public notice, hearing, and balloting under OMC sections 4.48.200.C and 4.48.070 through 4.48.140 as applicable.

Changes in land use, development of empty parcels, 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. Because linear frontage and lot size normally are not altered in the development of a site, the only changes realized in the BID will likely 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 condominiums.

Bonds:

The renewed District will not issue any bonds related to any program.

District Formation:

The District formation and modification requires a submission of petitions from affected property owners representing more than 30% of the total assessments.

Once the City verifies the petitions by property owners representing more than 30% of the weighted assessment value (Oakland Municipal Code 4.48.050) (equal here to more than \$54,717.00 in assessment contribution to the renewed district), the City Council may adopt a Resolution of Intention and then mail out a Notice of Intention and ballots to all affected property owners at least 45 days before conducting a public hearing. Any affected person can make a protest. The City will then hold a public hearing to consider any protests and to tabulate the ballots. The City Council shall adopt a resolution, consistent with the Resolution of Intention, forming the Laurel District Business Improvement District 2016 and levying the

assessments on the benefitted parcels if the ballots submitted do not establish a majority protest.

A majority protest exists if, upon the conclusion of the Public Hearing, ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment. In tabulating the ballots, the ballots shall be weighted according to the proportional financial obligation upon the affected property. We anticipate that this process will be completed by July 2015.

Duration:

The LBID 2016 shall have a ten-year term with services commencing on January 1st, 2016 and continuing through December 31st, 2025.

Governance:

Pursuant to the City of Oakland's Business Improvement Management District Ordinance, the Advisory Board (see OMC 4.48.190, .200, and .210) will prepare an annual report each fiscal year, and may propose any changes to the Management District Plan. Any such proposed modification, if accepted by the City Council, will be subject to a notice and ballot procedure similar to what occurred during the District Formation process. A District Management Corporation or the Laurel District Association (LDA) will oversee the day-to-day implementation of services as defined in the LBID 2016 Management Plan, and be responsible for District budgets and policies within the limitations of the LBID 2016 Management Plan.

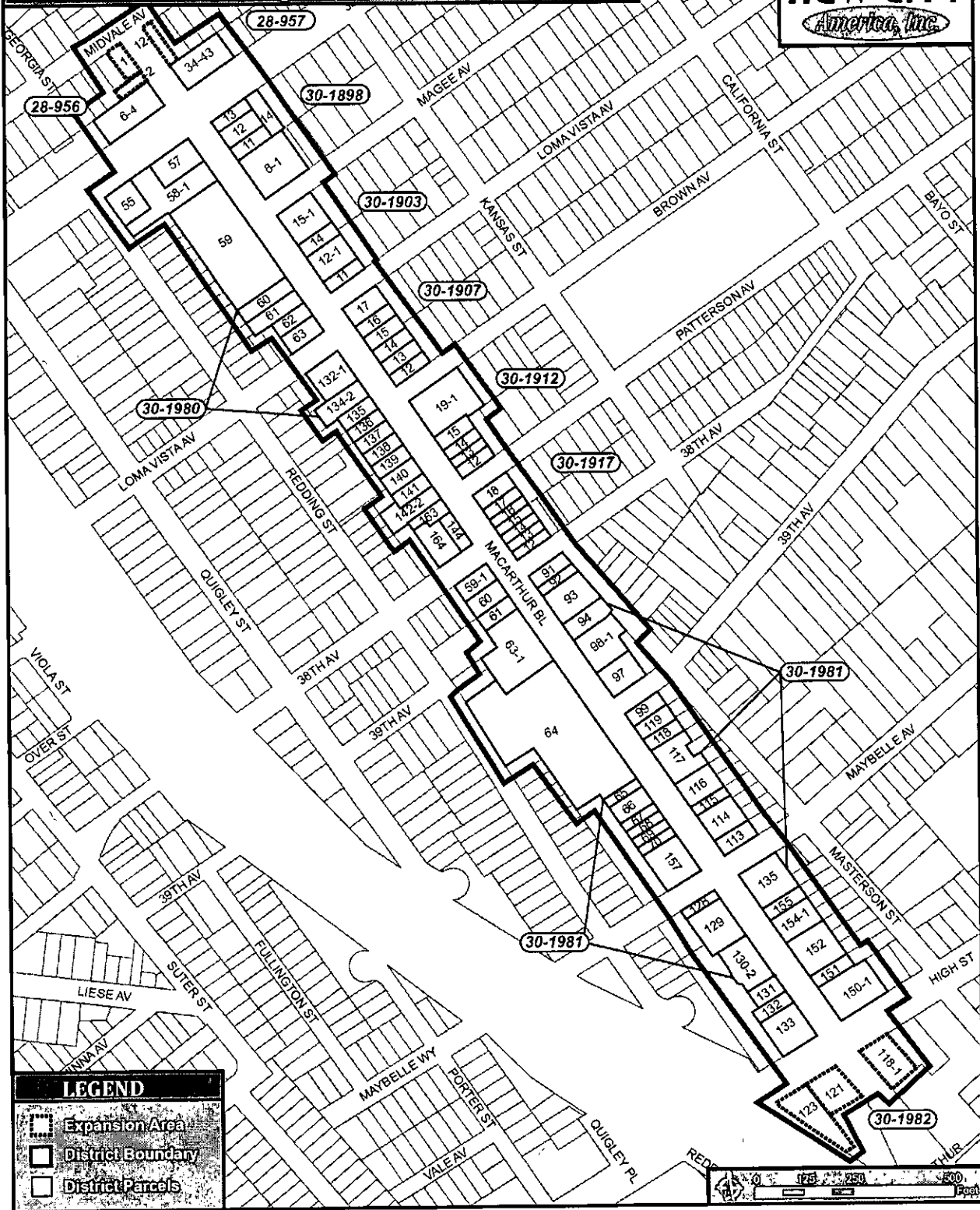
Section 2

Laurel District Business Improvement District 2016 Boundaries

Boundaries: There are 103 parcels owned by 82 property owners in the proposed LBID 2016. The previous Laurel BID plan of 2005 had 86 parcels owned by 72 property owners. The following text will define the boundaries of the renewed and expanded Laurel District Business Improvement District 2016. Parcels in the commercial corridors of the LBID 2016 will include the following:

- **Northern Boundary:** The two parcels at the southeastern and southwestern corners of the intersection of Midvale Avenue and MacArthur Blvd. (Parcels 28-956 02 and 28-957-12)
- **Southern Boundary:** The two parcels at the southwestern and southeastern corners of the intersection of MacArthur Blvd. and High Street (Parcels 30-1982-121 and 30-1982-123 and 30-1982-118-1).
- **Eastern Boundary:** Starting at the parcel at the southeastern corner of the intersection of Midvale Avenue and MacArthur Blvd (parcel 28-957-12), running southward to include all parcels on the east side of MacArthur from Midvale Avenue to the parcel at the southeastern corner of the intersection of MacArthur Blvd and High Street (parcel 30-1982-118-1). The eastern boundary will also include the parcel directly to the east of the parcel at the southeastern corner of the intersection of MacArthur and 35th Street, (parcel 30-1898-14).
- **Western Boundary:** Starting at the parcel at the southwestern intersection of Midvale Avenue and MacArthur, running southward to include all parcels on the west side of MacArthur Blvd from Midvale to the parcels at the southwestern corner of the intersection of High Street and MacArthur Blvd, (Parcels 30-1982-121 and 30-1982-123). The western boundary will also include the parcel directly west of the parcel at the southwestern corner of the intersection of MacArthur and 3th Street (parcel 30-1980-55).

Laurel District Expansion BID 1/21/15



LEGEND

- Expansion Area
- District Boundary
- District Parcels



Section 3

District Improvement and Activity Plan

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 LBID 2016, as the improvements and activities will provide special benefit only to the owners of those properties. No improvements or activities will be provided to properties outside the LBID 2016 boundaries. All benefits derived from the assessments outlined in this Management District 2016 Plan fund services directly benefiting the property owners in this special benefit district.

The City will continue to provide services from the general fund to the benefitting parcels such as public safety, safety-related street tree trimming to address hazardous tree conditions, street sweeping, trash collection of public refuse containers, street repair, graffiti abatement, emergency services, fire protection, etc. The frequency of these general benefits may change from year to year and time to time based upon City budgetary constraints. However, City general benefits will not be withdrawn from the BID 2016 unless they are withdrawn based on a citywide operational change. The BID 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 Oakland.

All services funded by the assessments outlined in the Management District Plan are intended to directly benefit the property owners within the LBID 2016 area to support increased commerce, safety, business attraction and retention, retained and increased commercial and residential property rentals, enhanced cleanliness in the LBID 2016, improved district identity, for parcel owners within the entire District.

The total improvement and activity plan budget for fiscal year 2016 which is funded entirely by property assessments within the LBID 2016 boundaries, is projected to be \$ 182,390.00. The costs of providing each of the budget components was developed from actual experience obtained in providing these same services in the LBID 2005 for the past 10 years.

The LBID 2016 Renewal Steering Committee has prioritized the following categories of special benefit services for the new LBID 2016. The categories of special benefit services set forth the intent of the budget category, but also gives the LBID 2016 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 Laurel District Business Improvement District 2016 Plan:

There are four basic categories of special benefit services that will be funded by the Laurel Business Improvement District 2016. All of these services will confer a special benefit to the individual parcels within the LBID 2016. The categories of special benefits are as follows:

1. **Sidewalk Operations, Beautification and Order (SOBO):** This includes all sidewalk and gutter cleaning services, sidewalk steam cleaning services, graffiti removal, trash removal, as well as beautifying the district based. This category of the budget will be allocated \$60,000 or 33 % of the first year budget to fund its services.
2. **District Identity and Streetscape Improvement (DISI):** These services include the branding of the commercial and residential parcels in the expanded and renewed Laurel BID including: marketing and promotions, newsletter, public relations, media relations, social media, publicity, special events, lighting, website development and maintenance, public space develop and holiday decorations. This category of the budget will be allocated \$72,000 or 40% of the budget to fund these services.
3. **Administration/Management Services:** This category of the budget will be allocated \$40,000.00 during the first year, or 22% of the first year budget.
4. **Contingency/Reserve.** This contingency anticipates a "historic" non-payment rate percentage of 3 to 5%, and any City or County collection fees. This category of the budget will be allocated \$ 10,390.00 or approximately 5% of the first year annual budget of the renewed BID.

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 property owners 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. One special benefit service may be a priority one year, however another special benefit may be a priority another year. Both of these services will fall within the same special benefit category.

**First Year Laurel District Business Improvement District 2016
Special Benefit Service Budget (Figures are rounded off)**

Program or Service	% of Budget	Est. Cost of Benefit
Sidewalk Operations, Beautification and Order (SOBO)	33 %	\$ 60,000.00
District Identity	40%	\$ 72,000.00
Administration/Management Services	22%	\$ 40,000.00
Contingency/Reserve	5%	\$ 10,390.00
Total First Year Budget	100%	\$ 182,390.00

The following categories of special benefit services shall only be provided to parcels within the LBID 2016. All of the special benefit services described will be in coordination with appropriate City departments, as needed:

1- Sidewalk Operations, Beautification and Order (SOBO) : \$ 60,000.00 33 %

Examples of these special benefit services are listed as follows. 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:

- *Regular sidewalk and gutter sweeping;*
- *Respond to complaints of aggressive panhandling;*
- *Timely graffiti removal, within 24 hours as necessary*
- *Tree and vegetation planting and maintenance*
- *Regular sidewalk steam cleaning*
- *Pincement of additional trash receptacles;*
- *May consider private security services on bike or patrol on a situational basis as needed;*

2 – District Identity and Streetscape Improvements: \$ 72,000 40%

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

- *Business attraction and expansion*
- *Web site development and updating*
- *Brochures, public relations*
- *Tourist related activities*
- *Marketing and social media*
- *Advertising*
- *Banner development and installation*
- *Special Events*
- *Signage*
- *Public space development and maintenance*
- *App development*

3 - Administration/Management Services: \$ 40,000 22%

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*

4 - Contingency/Reserve: \$ 10,390.00 5%

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

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

Ten-Year Operating Budget:

A projected ten-year operating budget for the LBID 2016 is provided below. The projections are based upon the following assumptions:

- Assessments may be increased by a maximum 5% per year based on recommendations from the LBID 2016 Advisory Board in its annual report, subject to acceptance by the Oakland City Council.
- The percentage of distribution between the four benefit service categories remains the same throughout the life of the LBID 2016.

The budget for specific programs may actually be reallocated within the categories by up to 10% of each budget category. The LBID 2016 Advisory Board may annually recommend changes to the budget based upon service needs and such changes shall be included in the Annual report submitted to the City.

Table 3 – B
Ten-Year Projection of Maximum Assessment for the
Laurel BID 2016

Projected Budget	FY 1	FY 2	FY 3	FY 4	FY 5
Sidewalk					
Operations	\$60,000.00	\$63,000.00	\$66,150.00	\$69,457.50	\$72,930.38
District Identity	\$72,000.00	\$75,600.00	\$79,380.00	\$83,349.00	\$87,516.45
Administration	\$40,000.00	\$42,000.00	\$44,100.00	\$46,305.00	\$48,620.25
Contingency	\$10,390.00	\$10,909.50	\$11,454.98	\$12,027.72	\$12,629.11
Total	\$182,390.00	\$191,509.50	\$201,084.98	\$211,139.22	\$221,696.18

Projected Budget	FY 6	FY 7	FY 8	FY 9	FY 10
Sidewalk					
Operations	\$76,576.89	\$80,405.74	\$84,426.03	\$88,647.33	\$93,079.69
District Identity	\$91,892.27	\$96,486.89	\$101,311.23	\$106,376.79	\$111,695.63
Administration	\$51,051.26	\$53,603.83	\$56,284.02	\$59,098.22	\$62,053.13
Contingency	\$13,260.57	\$13,923.59	\$14,619.77	\$15,350.76	\$16,118.30
Total	\$232,780.99	\$244,420.04	\$256,641.05	\$269,473.10	\$282,946.75

Notes:

- Assumes a 5% yearly increase on all budget items.
- Any accrued interest or delinquent payments will be expended in the above categories.

Section 4

Assessment Methodology

The LBID 2016 is a property-based special benefit assessment district being established pursuant to the Oakland Business Improvement Management District Ordinance No. 12190 of 1999, codified as Municipal Code Chapter 4.48. Due to the special benefit nature of assessments levied within a BID, program costs are to be distributed amongst all identified specially benefited 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 requirement that relative "benefit" received from BID funded programs and activities be used to determine the amount of assessment paid. Only those properties expected to derive special benefits from BID funded programs and activities may be assessed and only in an amount proportional to the relative special benefits expected to be received.

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 the assessed properties. Special Benefit" as defined by the California State Constitution means "a particular and distinct benefit over and above general benefits conferred on real property located in the District or to the public at large. For the purposes of this analysis, "General Benefits" are benefits from the Laurel BID activities and improvements that are not special in nature, are not "particular and distinct" and are not over and above the benefits that other parcels receive. General benefits are not restricted to benefits conferred only on persons and property outside the assessment district, but can include benefits both conferred on real property located in the district or to the public at large. "At large" means not limited to any particular person - means all members of the public - including those who live, work, and shop within the district - and not simply transient visitors.

The property uses within the boundaries of the Laurel BID which will receive special benefits from Laurel BID funded programs and services are currently a mix of retail, service, office, religious, residential and parking. Services, programs and improvements provided by the Laurel BID are primarily designed to provide special benefits to identified parcels within the boundaries of the District.

There are four basic categories of special benefit services that will be funded by the Laurel BID. All of these services will confer a special benefit to the individual parcels within the LBID 2016. The categories of special benefits are as follows:

1. ***SIDEWALK OPERATIONS, BEAUTIFICATION AND ORDER (SOBO)***: This includes all sidewalk and gutter cleaning services, sidewalk steam cleaning services, graffiti removal, trash

removal, as well as beautifying the district. This category of the budget will be allocated \$60,000 or 33 % of the first year budget to fund its services.

2. **DISTRICT IDENTITY AND STREETScape IMPROVEMENT (DISI):** These services include the branding of the commercial and residential parcels in the expanded and renewed Laurel BID including: marketing and promotions, newsletter, public relations, media relations, social media, publicity, special events, lighting, website development and maintenance, public space development and holiday decorations. This category of the budget will be allocated \$72,000 or 40% of the budget to fund these services.
3. **ADMINISTRATION/MANAGEMENT SERVICES:** This category of the budget will be allocated \$40,000.00 during the first year, or 22 % of the first year budget.
4. **CONTINGENCY/RESERVE.** This contingency anticipates a non-payment rate percentage of 3 to 5%, and any City or County collection fees. This category of the budget will be allocated \$ 10,390.00 or approximately 5% of the first year annual budget of the renewed BID.

Parcels that receive these programs, services and improvements attract more customers, employees, tenants and investors as a result of these programs, services and improvements, thereby increasing business volumes, sales transactions, occupancies, rental income and return on investments. These benefits are particular and distinct in that they are not provided to non-assessed parcels within or outside of the District. Because these programs, services and improvements will only be provided to each individual assessed parcel within the Laurel BID boundaries, these programs, services and improvements will constitute "special benefits".

Existing City of Oakland services will be enhanced, not replaced or duplicated, by Laurel BID services. In the case of the Laurel BID, the very nature of the purpose of this District is to fund supplemental programs, improvements and services within the Laurel BID 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 pedestrian and retail commercial core uses, increase tenancy and marketing of the mix of retail, service, office, religious, residential and parking properties in the Laurel BID and improve the aesthetic appearance of each identified parcel. All benefits derived from the assessments to be levied on parcels within the Laurel BID are for services, programs and improvements directly benefiting each individual parcel within this area and support increased cleanliness, commerce, business attraction and retention, increased commercial property rental income and improved District identity. No Laurel BID funded services, activities or programs will be provided beyond the Laurel BID boundaries.

While every attempt is made to provide BID services and programs to confer benefits only to those identified assessed parcels within the BID, the California State Constitution was amended via Proposition 218 to stipulate that general benefits exist, either by design or unintentionally, in all assessment districts and that a portion of the program costs must be considered

attributable to general benefits and assigned a value. General benefits cannot be funded by assessment revenues. General benefits might be conferred on parcels within the District, or "spillover" onto parcels surrounding the District, or to the public at large who might be passing through the District with no intention of transacting business within the District or interest in the District itself.

Empirical assessment engineering analysis throughout California has found that general benefits within a given business improvement district tend to range from 1-5% of the total costs. There are three methods that have been used by this Engineer for determining general and special benefit values 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.

A majority of PBIDs in California for which this Assessment Engineer has provided assessment engineering services since the enactment of Proposition 218, have used Method #3, the composite district overlay determinant method which will be used for the Laurel BID. This method of computing the value of general benefit involves a composite of three distinct types of general benefit – general benefit to assessed parcels within the District, general benefit to the public at large within the District and general benefit to parcels outside the District.

General Benefit – Assessed Parcels within District

BID funded programs are narrowly designed and carefully implemented to specially benefit the assessed District parcels and are only provided for the special benefit to each and every assessed parcel within the District. It is the opinion of this Engineer, based on over 30 years of professional assessment engineering experience, that 100% of benefits conferred on assessed parcels within the District are distinct and special and that there are 0% general benefits conferred on these parcels. This is because the BID funded programs and services are specially geared to the unique needs of each assessed parcel within the BID and are directed specially only to these assessed parcels within the BID. This concept is further reinforced by the proportionality of special benefits conferred on each assessed parcel within the District as determined by the special benefit assessment formula as it is applied to the unique and varying property characteristics unique to each assessed parcel.

General Benefit - Public At Large

While the Laurel BID funded programs are narrowly designed and carefully implemented to specially benefit the assessed District properties and are only provided for the special benefit to each and every assessed parcel within the District, these BID funded programs may also provide an incidental general benefit to the public at large within the District. Assessment Engineering experience in California has found that generally over 95% of people moving about within BID boundaries are engaged in business related to assessed parcels and businesses contained on them within the District, while the public at large "just passing through" is typically much less than 5%. Based on this experience curve, the focused nature of the proposed Laurel BID funded

programs, the pedestrian friendly retail/service nature of the Laurel BID and over 30 years of assessment engineering experience, it is the opinion of this Engineer that a general benefit factor of 0.02 (2%) of BID funded special benefit program costs might provide an immediate general benefit to the public at large will be applied to program costs in order to compute the dollar and percent value of general benefits to the public at large. The dollar value of this general benefit type equates to \$3,648 as delineated in the chart below.

	A	B	C	D	E
Program Elements	Dollar Allocation	% Allocation of Special Benefit Cost	General Benefit Factor	General Benefit Percent (B x C)	General Benefit Value
All programs & Services	\$182,390	100%	0.02	2%	\$3,648

General Benefits – Outside Parcels

While District programs and services will not be provided directly to parcels outside the District boundaries, it is reasonable to conclude that District services may confer an indirect general benefit on parcels immediately adjacent to the District boundaries. An inventory of the District boundaries finds that the District is surrounded by an estimated 200 parcels, mainly residential in land use and zoning.

The 200 mainly residential adjacent parcels outside the District boundaries can reasonably be assumed to receive some indirect general benefit as a result of BID funded programs, services and improvements. Based on over 30 years of assessment engineering experience, it is the opinion of this Engineer that a benefit factor of 1.0 be attributed to the 103 identified and assessed parcels within the District and a benefit factor of 0.005 be attributed to general benefits conferred on the 200 mainly residential adjacent parcels. The dollar value of this general benefit type equates to \$1,768 as delineated in the chart below.

Parcel Type	Quantity	Benefit Factor	Benefit Units	Benefit Percent	Benefit Value
Parcels in the District	103	1	103	99.04%	\$182,390
Parcels outside the District	200	0.005	<u>1.0</u>	<u>0.96%</u>	<u>\$1,768</u>
TOTAL			104	100.00%	\$184,158

Composite General Benefit

Based on the general benefit values delineated in the three sections above, the total value of general benefits conferred on assessed parcels within the District, the public at large and parcels outside the District equates to \$5,416 (\$3,648 + \$1,768) or 2.88%. The general benefit value of 2.88% will be conservatively rounded up to 3.00% which leaves a value of 97% assigned to special benefit related costs. The general benefit value of 3% equates to a dollar value of \$5,641 which when added to the special benefit value of \$182,390 (Year 1 – 2016 assessment

revenue) equates to a total Year 1 – 2016 program cost of \$188,031. Remaining costs that are attributed to general benefits, will need to be derived from other sources. A comparison of special and general benefit funding sources is shown later in this Report.

Laurel 2016 BID Programs and Improvements

The total special and general benefit program activities and budget allocations that will be provided to each individual parcel assessed in the proposed Laurel BID are shown in the chart below:

Total Year 1 – 2016 - Special + General Benefit Revenue

Service	YR 1 - 2016 Assessment Allocation	YR 1 - 2016 Non-Assessment Allocation	YR 1 - 2016 Total Allocation	% of Total
SOBO	\$ 60,000	\$ 1,856	\$ 61,856	33 %
District Identity	\$ 72,000	\$ 2,227	\$ 74,227	40%
Administration	\$ 40,000	\$ 1,237	\$ 41,237	22%
Contingency/Reserves	\$ 10,390	\$ 321	\$ 10,711	5%
Total	\$182,390	\$ 5,641	\$ 188,031	100%

All program costs associated with general benefits will be derived from sources or credits other than BID assessments. Sample “other” revenue sources can be derived from special events, grants, volunteer hours and must simply equal a total of \$ 5,641.00 per year which would equal the general benefit cost of 3% of the computed total BID cost of \$ 188,031.00 from the Table above.

Here, program costs spreading variables include linear frontage, lot or parcel size and building square footage, and residential condo parcels.

The following data represents the foundation of the assessments that will generate the revenue to fund the Laurel Business Improvement District: (verified as of January 31st, 2015);

- Assessable Building Square Footage:** 394,856 sq. feet
- Assessable Lot Size:** 675,401 sq. feet
- Assessable Gross Linear Frontage:** 8,662 linear feet
- Assessable Residential Condos**
- Unit Building square footage** 16,740 assessable building square footage. Currently, there are only a few SFR /residential condominium developments within the Laurel BID 2016 boundaries.

Assessment District Revenue Generation in Fiscal Year 2016 from each assessable property variable:

Linear Frontage	\$ 59,681	33%
Building Square Footage:	\$ 29,891	15%
Lot Square Footage:	\$ 89,470.00	50%
Residential Condos Unit Square Footage:	<u>\$3,348</u>	<u>2%</u>
Total:	\$ 182,390.00	100%

First Year Annual Costs:

The LBID FY 2016 year annual assessments per property variable are as follows:

<i>Property Variable</i>	<i>First Year Annual Costs</i>
Linear Frontage	\$ 6.89 per linear foot/year
Building Square Footage	\$ 0.0757 per square foot/year
Lot Size	\$0.13247 per square foot/year
Residential Condominium	\$0.20 per square foot

**Proportional Allocation of Assessments to Benefiting Property Owners
Generation of assessments which fund categories of special benefit services.**

Program	Funded by Property Variable Assessment	Approximate Amount First Year Budget - %
Sidewalk Operations, Beautification and Order <i>sidewalk and gutter cleaning, landscaping, steam cleaning, public space maintenance</i>	Funded by approximately 100% of the linear frontage assessments.	\$ 60,000 – 33% (the Board decides how this amount will be allocated month by month, prioritizing services and proportionally allocating per benefit zones based upon payments made)
District Identity and Streetscape Improvements <i>(Marketing, promotions, website, social media, events, business attraction, public space design)</i>	Approximately 100% of the building square footage (\$29,890.00) district wide plus the lot size assessments and residential condo assessments (\$42,110.00) <i>Residential Condo assessments pay for services in the same proportion as allocated in the budget</i>	\$ 72,000 – 40%
Administration/Management Services Community Relations <i>Administration, outreach to public agencies, community relations, office rent, supplies, insurance, legal</i>	Funded by Lot Size assessments plus Residential condo assessments <i>Residential Condo assessments pay for services in the same proportion as allocated in the budget</i>	\$ 40,000 – 22 %
Contingency	Funded by Lot size assessments plus Residential condo assessments <i>Residential Condo assessments pay for services in the same proportion as allocated in the budget</i>	\$ 10,390.00 5 %
Total for all Special Benefit Services		\$ 182,390.00

Linear Frontage Defined:

Individual parcels will be assessed for all sides of each parcel fronting on a public street. Each side of the parcel will receive sidewalk operations special benefit services. Linear front footage data was obtained from the County Assessor's parcel maps.

Building Square Footage Defined:

Building square footage is defined as gross building square footage throughout the LBID 2016. The percentage of building square footage that is dedicated to private or internal tenant parking needs may be 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 LBID 2016, will be assessed as commercial buildings since there is a landlord/tenant relationship.

Lot Square Footage Defined:

Lot square footage is defined as the total amount of area within the borders of the parcel. The lot square footage of a parcel is defined on the County Assessor's parcel maps.

Commercial Condominium Parcels Defined:

Ground floor commercial condominiums will be treated like independent "mini" commercial buildings and assessed based on their actual building square footage, the footprint of land they cover or lot size of the commercial condo, and the amount of direct primary street frontage on the exterior of the building. Ground floor commercial condominiums will pay 100% of the special benefits for the assessment, based upon which benefit zone they are within.

Residential Condo/Single residential unit parcels

Residential condo unit parcels built on commercially zoned parcels are assessed as a separate category. These residential condo units are not built on residentially zoned land, but rather on commercially zoned parcels within the boundaries of the LBID 2016. These condo residential unit parcels will be assessed for their unit building square footage only at the rate of \$0.20 per square foot in the first year in which they have been given a parcel number. The residential condos will have their assessments allocated in the same percentages of special benefit categories as the rest of the district. The residents will benefit from cleaning, security, district identity services, administration and the other services in the same proportion as non-residential parcels throughout the LBID 2016.

Calculation of Assessments:

The proportionate special benefit derived by each identified parcel shall be determined in 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. 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 generated from data obtained from the Alameda County Tax Assessors office.
- A list of properties to be included within the Laurel District BID 2016 is provided in Section 7.

The Calculation of Assessment for each parcel in the Laurel District BID 2016 is as follows:

Parcel Assessment –

The annual assessment method for all commercial parcels and ground floor commercial condominiums is:

$$\begin{aligned} & \text{Total Street Frontage X \$ 6.89 per linear foot} \\ & \quad + \\ & \text{Total Lot Square Footage X \$0.13247 per square foot} \\ & \quad + \\ & \text{Total Building Square footage X \$0.0757 per square foot} \\ & \quad = \\ & \text{TOTAL PARCEL ASSESSMENT} \end{aligned}$$

Residential Condo Assessment:

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

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

Tax exempt parcel assessments:

In addition, tax exempt, non-profit and other public or government owned properties are not exempt from being assessed in the LBID 2016 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.

Future Development:

As a result of continued new development, the LBID 2016 will experience the addition or subtraction of assessable commercial buildings or the conversion of empty parcels into new commercial and residential or buildings and units. The Management District 2016 Plan assessment methodology will accommodate any and all changes anticipated within the term of the District with annual adjustments being submitted to the City, as these assessment calculation and property variable alterations occur.

In future years, assessments for the special benefits bestowed upon benefitting LBID 2016 parcels may change in accordance with the assessment methodology formula listed in this plan and the Engineer’s Report, provided the assessment rate methodology does not change. If the assessment formula is proposed to be increased, then a Proposition 218 mail ballot procedure will be required for approval of increasing the formula changes.

Budget Adjustments

No budget surplus from the LBID 2005 is anticipated to be rolled into the first year budget of the LBID 2016. However, if a budget surplus exists at the expiration of the LBID 2005, any remaining funds will be returned to property owners in proportion to what each property owner paid.

Time and Manner for Collecting Assessments:

As provided by the Oakland Municipal Code section 4.48.180, the District assessments will be collected at the same time and in the same manner as for the ad valorem property tax and normally appear as a separate line item on annual property tax bills prepared by the County of Alameda in December and April of each fiscal year.

Annual Maximum Assessment Change:

The LBID 2016 budget and assessments may be increased annually in an amount not to exceed 5% per year, based upon a recommendation of the LBID 2016 Advisory Board in its annual report, if accepted by the Oakland City Council. Increases greater than 5% in any single year will require will require LBID 2016 Advisory Board approval, City Council approval, and will be subject to public notice, hearing, and balloting under OMC sections 4.48.200.C and 4.48.070 through 4.48.140 as applicable.

Changes in land use, development of empty parcels, the demolition of existing buildings and creation of new parcels through new building or condo development may alter the budget from year to year based upon the changes in the building square footage of individual parcels. Since linear frontage and lot size normally are not altered in the redevelopment of a site, the only changes will likely be realized in the building square footage amount and corresponding costs to the individual parcel.

Maximum Assessment

The following projections illustrate a potential maximum 5% annual increase.

Maximum Assessments by Property Variable, Ten Year Period Commencing FY 16

Projected Assessment	FY1	FY2	FY3	FY4	FY5
Linear Frontage	\$ 6.8900	\$ 7.2345	\$ 7.5962	\$ 7.9760	\$ 8.3748
Building Sq. Ft.	\$ 0.07570	\$ 0.07949	\$ 0.08346	\$ 0.08763	\$ 0.09201
Lot Square Footage	\$ 0.132470	\$ 0.139094	\$ 0.146048	\$ 0.153351	\$ 0.161018
Condo Bldg. Sq. Ft	\$ 0.20000	\$ 0.21000	\$ 0.22050	\$ 0.23153	\$ 0.24310

Projected Assessment	FY6	FY7	FY8	FY9	FY10
Linear Frontage	\$ 8.7936	\$ 9.2333	\$ 9.6949	\$ 10.1797	\$ 10.6887
Building Sq. Ft.	\$ 0.09661	\$ 0.10145	\$ 0.10652	\$ 0.11184	\$ 0.11744
Lot Square Footage	\$ 0.169069	\$ 0.177522	\$ 0.186399	\$ 0.195719	\$ 0.205504
Condo Bldg Sq. Ft	\$ 0.25526	\$ 0.26802	\$ 0.28142	\$ 0.29549	\$ 0.31027

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 allowable maximum increases as stated in this Plan 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.

Section 5

District Rules and Regulations and Governance

Disestablishment:

Local ordinance provides for the disestablishment of the BID upon a finding by the City Council that a misappropriation of funds, malfeasance, or violation of law in connection with the management of the district has occurred, or pursuant to an annual review process. **Each year that the Laurel District BID 2016 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 BID may be considered for disestablishment.** The City Council will give public notice and conduct a public hearing before disestablishing the BID. (Oakland Municipal Code section 4.48.220)

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 disestablished.

Management of the District:

Advisory Board:

The Oakland BID Ordinance requires that before adopting a resolution to establish a BID, the City Council shall appoint an Advisory Board which shall make a recommendation to the City Council on the expenditure of revenues derived from the levy of assessments, on the classification of properties applicable, and on the method and basis of levying the assessment. 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 the 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 (Oakland Municipal Code section 4.48.190).

Pursuant to the City of Oakland Business Improvement Management District Ordinance at Oakland Municipal Code section 4.48.200, the Advisory Board shall cause an annual report to be prepared each fiscal year. The report shall address all subjects required by section 4.48.200.B, including improvements and activities to be provided for that fiscal year, along with an estimate of costs for such improvements or activities; the method of levying the assessment on each parcel, and the amount of surplus or deficit revenues from the prior fiscal year. The Advisory Board will submit the annual reports to the City of Oakland for approval or modification. The Advisory Board is responsible for preparing and submitting the above annual report about the district to the City, and has the power to propose any changes to the Management Plan

Based on past City practice, it is anticipated that the Laurel District Association will be designated to act as Advisory Board for the LBID 2016. The Advisory Board shall to comply with the Ralph M. Brown open meetings act – the Brown Act (Government Code section 5490 et seq) requires publication of advanced-notice and agendas of meetings, as well as following certain voting and record keeping procedures. It will also be subject to the California Public Records Act (Government Code section 6250 et seq) as to documents related to these special assessments and services.

Management Corporation and the Advisory Board

The renewed LBID 2016 will continue to be managed by the Laurel District Association (LDA), which serves as the non-profit management corporation (Oakland Municipal Code 4.48.160). The LDA will be responsible for day-to-day operations of the Management District. By law, this entity must be comprised of assesses paying into the district. The City of Oakland will contract with the LDA to implement the LBID 2016 Management Plan for the entire District. The City of Oakland requires that 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. A nominating committee will solicit nominations from District property owners within the LBID 2016 prior to Board elections.

Assessment Engineer's Report

NEW CITY AMERICA, INC. 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 Laurel District BID Management District 2016 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 LBID 2016 is provided in the Appendix.

Open Meetings, Competitive Bidding and Conflict of Interest

There are no specific rules and regulations applicable to the Laurel District Business Improvement District 2016 except for those incorporated in BID enabling legislation, District Management Corporation bylaws, and in a written agreement to be entered into between the District Management Corporation and the City of Oakland to administer the LBID 2016 which shall include, but not be limited to: that the District will adhere to the open meeting provisions of the Ralph M. Brown Act and will seek to be as open and transparent to the BID assesses and the public at large as is reasonably possible, and that District will make specific requirements to implement a reasonable competitive bidding policy when securing services for the District. The District Management Corporation will also adhere to a Conflict of Interest policy wherein board members 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, and hiring or selecting the relatives or business partners and associates of board members.

Bonds:

The District will not issue any bonds related to any program.

Section 6 Implementation Timetable

The LBID 2016 is expected to be established in 2015 and begin operations in January 1, 2016, though the first year assessments will take effect beginning July 2015 in accordance with the Alameda County Tax Assessor's Fiscal Year 2015-16. Consistent with the local enabling ordinance, the Laurel Business Improvement District 2016 will have a ten-year term, operating through December 31st, 2025.

Section 7

Laurel BID 2016 Assessment Roll of Properties Included

APN	1 st Year Assessment	APN	1 st Year Assessment
028 0956 001 00	\$1,916.91	030 1980 055 00	\$2,430.45
028 0956 002 00	\$582.53	030 1980 057 00	\$2,717.08
028 0956 006 04	\$3,503.29	030 1980 058 01	\$2,746.06
028 0957 012 00	\$1,624.60	030 1980 059 00	\$9,164.56
028 0957 034 00	\$315.40	030 1980 060 00	\$1,296.01
028 0957 035 00	\$304.60	030 1980 061 00	\$1,524.62
028 0957 036 00	\$304.60	030 1980 062 00	\$919.03
028 0957 037 00	\$304.60	030 1980 063 00	\$1,160.34
028 0957 038 00	\$304.60	030 1980 132 01	\$2,766.28
028 0957 039 00	\$304.60	030 1980 134 02	\$1,553.13
028 0957 040 00	\$174.40	030 1980 135 00	\$1,017.44
028 0957 041 00	\$317.20	030 1980 136 00	\$969.75
028 0957 042 00	\$332.20	030 1980 137 00	\$1,311.87
028 0957 043 00	\$400.40	030 1980 138 00	\$1,319.44
030 1898 008 01	\$3,993.12	030 1980 139 00	\$1,411.08
030 1898 011 00	\$897.15	030 1980 140 00	\$1,279.37
030 1898 012 00	\$1,139.97	030 1980 141 00	\$1,411.08
030 1898 013 00	\$1,601.92	030 1980 142 02	\$2,262.69
030 1898 014 00	\$986.17	030 1980 144 00	\$1,658.75
030 1903 011 00	\$1,515.62	030 1980 163 00	\$1,027.30
030 1903 012 01	\$2,157.34	030 1980 164 00	\$3,016.91
030 1903 014 00	\$285.40	030 1981 059 01	\$1,695.85
030 1903 015 01	\$2,763.90	030 1981 060 00	\$1,249.92
030 1907 012 00	\$1,486.93	030 1981 061 00	\$988.52
030 1907 013 00	\$776.99	030 1981 063 01	\$4,329.38
030 1907 014 00	\$1,082.22	030 1981 064 00	\$14,543.72
030 1907 015 00	\$983.77	030 1981 065 00	\$696.10
030 1907 010 00	\$937.29	030 1981 066 00	\$1,007.78
030 1907 017 00	\$2,417.28	030 1981 067 00	\$693.30
030 1912 012 00	\$1,564.91	030 1981 068 00	\$673.75
030 1912 013 00	\$692.68	030 1981 069 00	\$503.82
030 1912 014 00	\$1,058.31	030 1981 070 00	\$689.50
030 1912 015 00	\$1,216.46	030 1981 091 00	\$1,759.81
030 1912 019 01	\$4,996.27	030 1981 092 00	\$748.05
030 1917 012 00	\$1,641.28	030 1981 093 00	\$2,725.26
030 1917 013 00	\$699.47	030 1981 094 00	\$1,156.67
030 1917 014 00	\$917.69	030 1981 097 00	\$2,855.18
030 1917 015 00	\$917.69	030 1981 098 01	\$2,689.73
030 1917 016 00	\$614.74	030 1981 099 00	\$1,797.28
030 1917 017 00	\$862.85	030 1981 113 00	\$1,805.25
030 1917 018 00	\$2,077.74	030 1981 114 00	\$1,939.00

030 1981 115 00	\$702.33	030 1981 150 01	\$4,091.15
030 1981 116 00	\$1,939.49	030 1981 151 00	\$1,191.17
030 1981 117 00	\$2,763.72	030 1981 152 00	\$2,516.44
030 1981 118 00	\$969.75	030 1981 154 01	\$1,687.78
030 1981 119 00	\$1,114.15	030 1981 155 00	\$819.14
030 1981 128 00	\$1,305.98	030 1981 157 00	\$3,793.04
030 1981 129 00	\$2,391.46	030 1982 118 01	\$3,162.94
030 1981 130 02	\$2,382.56	030 1982 121 00	\$2,520.93
030 1981 131 00	\$1,177.39	030 1982 123 00	\$2,219.67
030 1981 132 00	\$969.75		
030 1981 133 00	\$2,778.21		
030 1981 135 00	\$3,406.91		
		TOTAL	\$182,390.15

**THE LAUREL
BUSINESS IMPROVEMENT DISTRICT 2016**

Prepared pursuant to the City of Oakland’s
Business Improvement Management District Ordinance No. 12190 of 1999
Codified as Municipal Code Chapter 4.48

**DISTRICT
ASSESSMENT ENGINEER’S
REPORT**

ATTACHMENT A

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

March 4, 2015

v 1.1

THE LAUREL BUSINESS IMPROVEMENT DISTRICT 2016 –ENGINEER’S REPORT

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 renewed and expanded Laurel Business Improvement District 2016 ("Laurel BID") being renewed for a ten (10) year term 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.

Edward V. Henning

RPE #26549

Mar 4, 2015

Date

(NOT VALID WITHOUT SIGNATURE AND CERTIFICATION SEAL HERE)

Introduction

This report serves 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 proposed Laurel BID 2016 in the City of Oakland, California being renewed and expanded for a ten (10) year term. The discussion and analysis contained within this Report constitutes the required "nexus" of rationale between assessment amounts levied and special benefits derived by properties within the Laurel BID 2016.

THE LAUREL BUSINESS IMPROVEMENT DISTRICT 2016 –ENGINEER’S REPORT

Background

The Laurel BID is a property-based benefit assessment type district being renewed and expanded for a ten (10) year term pursuant to the City of Oakland’s Business Improvement Management District Ordinance of 1999 # 12190, Under Municipal Code Chapter 4.48 (the “Ordinance”) which is based in part on 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 Property Business Improvement District (“PBID”), district program costs are to be distributed amongst all identified benefiting properties based on the proportional amount of special program benefit each property is expected to derive from the assessments levied. Within the Ordinance and Act, frequent references are made to the concept of relative “benefit” received from PBID programs and activities versus amount of assessment paid. Only those properties expected to derive special benefits from PBID 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 PBID begins with the selection of a suitable and tangible basic benefit unit. For property related services, such as those proposed in the Laurel BID, the benefit unit may be measured in linear feet of street frontage or parcel size in square feet or building size in square feet or number of building floors or any combination of these factors. Factor quantities 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 PBID in order to determine any levels of different 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, 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.

THE LAUREL BUSINESS IMPROVEMENT DISTRICT 2016 –ENGINEER’S REPORT

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 special benefit costs are allocated proportionally or “spread” based on special benefits conferred on benefitting properties within the PBID.

The method and basis of spreading program costs varies from one PBID to another based on local geographic conditions, types of programs and activities proposed, and size and development complexity of the District. PBIDs 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 Laurel BID. 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.

Since Prop 218 provisions will affect all subsequent calculations to be made in the final assessment formula for the Laurel BID, Prop 218 requirements will be taken into account. The key provisions of Prop 218 along with a description of how the Laurel BID 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 103 parcels within the Laurel BID “identified” as assessable parcels that will derive special benefit from the proposed District programs and activities. The benefits are special and unique only to the identified parcels within the District because programs and services (i.e. sidewalk operations/beautification; district identity; program management, and, contingency/reserve) will only be provided directly for the benefit of the identified parcels. These identified benefitting parcels are located within the Laurel BID perimeter boundary which is shown on the Boundary Map attached as Appendix 2 to this Report and are listed in Appendix 1 to this Report - identified by assessor parcel number. Any future development and/or land subdivisions will adhere to the assessment rate structures described herein. There is one benefit zone within the Laurel BID.

THE LAUREL BUSINESS IMPROVEMENT DISTRICT 2016 –ENGINEER’S REPORT

The Laurel BID extends primarily along MacArthur Boulevard between Midvale Avenue on the north and just south of High Street on the south. The parcels selected to be included in the Laurel BID form a unique retail and commercial business core that has long been recognized and identified by the Laurel community as a pedestrian friendly retail and commercial neighborhood. Keeping the District clean, safe and attractive will increase pedestrian traffic and consumer activity and help create a strong symbiotic economic relationship between the Laurel BID and the customers it serves. There is one benefit zone in the proposed renewed Laurel BID. The Laurel BID boundaries are shown on the District Map in Appendix 2 of this Report. The assessment rates vary based on the proportionate levels of special benefit services to be provided and conveyed to each parcel within the BID.

Laurel BID Boundary:

There are 103 parcels owned by 82 property owners in the proposed Laurel BID. The previous Laurel BID plan of 2005 had 86 parcels owned by 72 property owners. The boundaries of the renewed and expanded Laurel District Business Improvement District 2016 are described as follows:

- **Northern Boundary:** The two parcels at the southeastern and southwestern corners of the intersection of Midvale Avenue and MacArthur Blvd. (Parcels 28-956 02 and 28-957-12)
- **Southern Boundary:** The two parcels at the southwestern and southeastern corners of the intersection of MacArthur Blvd. and High Street (Parcels 30-1982-121 and 30-1982-123 and 30-1982-118-1).
- **Eastern Boundary:** Starting at the parcel at the southeastern corner of the intersection of Midvale Avenue and MacArthur Blvd (parcel 28-957-12), running southward to include all parcels on the east side of MacArthur from Midvale Avenue to the parcel at the southeastern corner of the intersection of MacArthur Blvd and High Street (parcel 30-1982-118-1). The eastern boundary will also include the parcel directly to the east of the parcel at the southeastern corner of the intersection of MacArthur and 35th Street, (parcel 30-1898-14).
- **Western Boundary:** Starting at the parcel at the southwestern intersection of Midvale Avenue and MacArthur, running southward to include all parcels on the west side of MacArthur Blvd from Midvale to the parcels at the southwestern corner of the intersection of High Street and MacArthur Blvd, (Parcels 30-1982-121 and 30-1982-123). The western boundary will also include the parcel directly west of the parcel at the southwestern corner of the intersection of MacArthur and 3th Street (parcel 30-1980-55).

All identified parcels within the above-mentioned boundaries shall be assessed to fund special benefit programs, services and improvements as outlined herein. Services, programs and improvements will only be provided to these parcels inside the District boundaries and none will be provided outside of the District boundaries. Each of the individual parcels assessed shall receive special benefits from the proposed programs, services and improvements. All Laurel BID funded programs, services and improvements are considered supplemental above normal base level services provided by the City

THE LAUREL BUSINESS IMPROVEMENT DISTRICT 2016 –ENGINEER’S REPORT

of Oakland and are only provided for the special benefit of assessed parcels within the boundaries of the Laurel BID.

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

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 the assessed properties. Special Benefit” as defined by the California State Constitution means “a particular and distinct benefit over and above general benefits conferred on real property located in the District or to the public at large. For the purposes of this analysis, “General Benefits” are benefits from the Laurel BID activities and improvements that are not special in nature, are not “particular and distinct” and are not over and above the benefits that other parcels receive. General benefits are not restricted to benefits conferred only on persons and property outside the assessment district, but can include benefits both conferred on real property located in the district or to the public at large. “At large” means not limited to any particular person - means all members of the public - including those who live, work, and shop within the district - and not simply transient visitors.

The property uses within the boundaries of the Laurel BID which will receive special benefits from Laurel BID funded programs and services are currently a mix of retail, service, office, religious, residential and parking. Services, programs and improvements provided by the Laurel BID are primarily designed to provide special benefits to identified parcels within the boundaries of the District.

There are four basic categories of special benefit services that will be funded by the Laurel BID. All of these services will confer a special benefit to the individual parcels within the LBID 2016. The categories of special benefits are as follows: -

1. ***Sidewalk Operations, Beautification and Order (SOBO)***: This includes all sidewalk and gutter cleaning services, sidewalk steam cleaning services, graffiti removal, trash removal, as well and beautifying the district based. This category of the budget will be allocated \$60,000 of 34% of the first year budget to fund its services.
2. ***District Identity and Streetscape Improvement (DISI)***: These services include the branding of the commercial and residential parcels in the expanded and renewed Laurel BID including: marketing and promotions, newsletter, public relations, media relations, social media, publicity, special events, lighting, website development and maintenance, public space develop and holiday decorations. This category of the budget will be allocated \$72,000 or 40% of the budget to fund these services.

THE LAUREL BUSINESS IMPROVEMENT DISTRICT 2016 –ENGINEER’S REPORT

3. *Administration/Management Services*: This category of the budget will be allocated \$40,000 during the first year, or 22% of the first year budget.

4. *Contingency/Reserve*. This contingency anticipates a non-payment rate percentage of 3 to 5%, and any City or County collection fees. This category of the budget will be allocated \$10,390 or approximately 5% of the first year annual budget of the renewed BID.

Parcels that receive these programs, services and improvements attract more customers, employees, tenants and investors as a result of these programs, services and improvements, thereby increasing business volumes, sales transactions, occupancies, rental income and return on investments. These benefits are particular and distinct in that they are not provided to non-assessed parcels within or outside of the District. Because these programs, services and improvements will only be provided to each individual assessed parcel within the Laurel BID boundaries, these programs, services and improvements will constitute "special benefits". Existing City of Oakland services will be enhanced, not replaced or duplicated, by Laurel BID services. In the case of the Laurel BID, the very nature of the purpose of this District is to fund supplemental programs, improvements and services within the Laurel BID 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 pedestrian and retail commercial core uses, increase tenancy and marketing of the mix of retail, service, office, religious, residential and parking properties in the Laurel BID and improve the aesthetic appearance of each identified parcel. All benefits derived from the assessments to be levied on parcels within the Laurel BID are for services, programs and improvements directly benefiting each individual parcel within this area and support increased cleanliness, commerce, business attraction and retention, increased commercial property rental income and improved District identity. No Laurel BID funded services, activities or programs will be provided beyond the Laurel BID boundaries.

While every attempt is made to provide BID services and programs to confer benefits only to those identified assessed parcels within the BID, the California State Constitution was amended via Proposition 218 to stipulate that general benefits exist, either by design or unintentional, in all assessment districts and that a portion of the program costs must be considered attributable to general benefits and assigned a value. General benefits cannot be funded by assessment revenues. General benefits might be conferred on parcels within the District, or "spillover" onto parcels surrounding the District, or to the public at large who might be passing through the District with no intention of transacting business within the District or interest in the District itself.

Empirical assessment engineering analysis throughout California has found that general benefits within a given business improvement district tend to range from 1-5% of the total costs. There are three methods that have been used by this Engineer for determining general and special benefit values within assessment districts:

- (1) The parcel by parcel allocation method

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

A majority of PBIDs in California for which this Assessment Engineer has provided assessment engineering services since the enactment of Proposition 218, have used Method #3, the composite district overlay determinant method which will be used for the Laurel BID. This method of computing the value of general benefit involves a composite of three distinct types of general benefit – general benefit to assessed parcels within the District, general benefit to the public at large within the District and general benefit to parcels outside the District.

General Benefit – Assessed Parcels within District

BID funded programs are narrowly designed and carefully implemented to specially benefit the assessed District parcels and are only provided for the special benefit to each and every assessed parcel within the District. It is the opinion of this Engineer, based on over 30 years of professional assessment engineering experience, that 100% of benefits conferred on assessed parcels within the District are distinct and special and that there are 0% general benefits conferred on these parcels. This is because the BID funded programs and services are specially geared to the unique needs of each assessed parcel within the BID and are directed specially only to these assessed parcels within the BID. This concept is further reinforced by the proportionality of special benefits conferred on each assessed parcel within the District as determined by the special benefit assessment formula as it is applied to the unique and varying property characteristics unique to each assessed parcel.

General Benefit - Public At Large

While the Laurel BID funded programs are narrowly designed and carefully implemented to specially benefit the assessed District properties and are only provided for the special benefit to each and every assessed parcel within the District, these BID funded programs may also provide an incidental general benefit to the public at large within the District. Assessment Engineering experience in California has found that generally over 95% of people moving about within BID boundaries are engaged in business related to assessed parcels and businesses contained on them within the District, while the public at large “just passing through” is typically much less than 5%. Based on this experience curve, the focused nature of the proposed Laurel BID funded programs, the pedestrian friendly retail/service nature of the Laurel BID and over 30 years of assessment engineering experience, it is the opinion of this Engineer that a general benefit factor of 0.02 (2%) of BID funded special benefit program costs might provide an immediate general benefit to the public at large will be applied to program costs in order to compute the dollar and percent value of general benefits to the public at large. The dollar value of this general benefit type equates to \$3,648 as delineated in the chart below.

	A	B	C	D	E
Program Elements	Dollar Allocation	% Allocation of Special Benefit Cost	General Benefit Factor	General Benefit Percent (B x C)	General Benefit Value
All programs & Services	\$182,390	100%	0.02	2%	\$3,648

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General Benefits -- Outside Parcels

While District programs and services will not be provided directly to parcels outside the District boundaries, it is reasonable to conclude that District services may confer an indirect general benefit on parcels immediately adjacent to the District boundaries. An inventory of the District boundaries finds that the District is surrounded by an estimated 200 parcels, mainly residential in land use and zoning.

The 200 mainly residential adjacent parcels outside the District boundaries can reasonably be assumed to receive some indirect general benefit as a result of BID funded programs, services and improvements. Based on over 30 years of assessment engineering experience, it is the opinion of this Engineer that a benefit factor of 1.0 be attributed to the 103 identified and assessed parcels within the District and a benefit factor of 0.005 be attributed to general benefits conferred on the 200 mainly residential adjacent parcels. The dollar value of this general benefit type equates to \$1,768 as delineated in the chart below.

Parcel Type	Quantity	Benefit Factor	Benefit Units	Benefit Percent	Benefit Value
Parcels in the District	103	1	103	99.04%	\$182,390
Parcels outside the District	200	0.005	1.0	0.96%	<u>\$1,768</u>
TOTAL			104	100.00%	\$184,158

Composite General Benefit

Based on the general benefit values delineated in the three sections above, the total value of general benefits conferred on assessed parcels within the District, the public at large and parcels outside the District equates to \$5,416 (\$3,648 + \$1,768) or 2.88%. The general benefit value of 2.88% will be conservatively rounded up to 3.00% which leaves a value of 97% assigned to special benefit related costs. The general benefit value of 3% equates to a dollar value of \$5,641 which when added to the special benefit value of \$182,390 (Year 1 – 2016 assessment revenue) equates to a total Year 1 – 2016 program cost of \$188,031. Remaining costs that are attributed to general benefits, will need to be derived from other sources. A comparison of special and general benefit funding sources is shown later in this Report.

Laurel BID Programs and Improvements

The total special and general benefit program activities and budget allocations that will be provided to each individual parcel assessed in the proposed Laurel BID are shown in the chart below:

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Total Year 1 – 2016 - Special + General Benefit Revenue

Service	YR 1 - 2016 Assessment Allocation	YR 1 - 2016 Non-Assessment Allocation	YR 1 - 2016 Total Allocation	% of Total
SOBO	\$ 60,000	\$ 1,856	\$ 61,856	33 %
District Identity	\$ 72,000	\$ 2,227	\$ 74,227	40%
Administration	\$ 40,000	\$ 1,237	\$ 41,237	22%
Contingency/Reserves	\$ 10,390	\$ 321	\$ 10,711	5%
Total	\$182,390	\$ 5,641	\$ 188,031	100%

The Year 1 special benefit budget cost allocations are shown in the table below:

Year 1 – 2016 Proposed Special Benefit Work Plan and Budget Allocations

Program or Service	% of Budget	Projected Program Cost
Sidewalk Operations, Beautification and Order (SOBO)	33%	\$ 60,000
District Identity	40%	\$ 72,000
Administration/Management Services	22%	\$ 40,000
Contingency/Reserve	5%	\$ 10,390
Total Year 1 Budget	100%	\$ 182,390

It is recognized that market conditions may cause the cost of providing goods and services to fluctuate from year to year. Accordingly, the Advisory Board of the Association shall have the right to reallocate up to 10% of the budget line item within the budget categories based on such cost fluctuations subject to the review and approval by the Board and included in the Annual Planning Report that will be approved by the Oakland City Council pursuant to Streets and Highways Code Section 36650. Accrued interest or delinquent payments may be expended in any budget category.

Any funds remaining after the tenth year of operation will be rolled over into the renewal budget or returned to stakeholders. Also, if the funds are available in the ninth year of operations, costs for renewal may be expended. If the

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District is not renewed or terminated for any reason, unexpended funds will be returned to the property owners pursuant to State PBID Law.

The proposed Laurel BID services are described in more detail as follows:

1- Sidewalk Operations, Beautification and Order (SOBO): \$ 60,000.00 33%

Examples of these special benefit services are listed as follows. 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:

- *Regular sidewalk and gutter sweeping,*
- *Respond to complaints of aggressive panhandling,*
- *Timely graffiti removal, within 24 hours as necessary*
- *Tree and vegetation planting and maintenance*
- *Regular sidewalk steam cleaning*
- *Placement of additional trash receptacles,*
- *May consider private security services on bike or patrol on a situational basis as needed,*

2 – District Identity and Streetscape Improvements: \$ 72,000 40%

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

- *Business attraction and expansion*
- *Web site development and updating*
- *Brochures, public relations*
- *Tourist related activities*
- *Marketing and social media*
- *Advertising*
- *Banner development and installation*
- *Special Events*
- *Signage*
- *Public space development and maintenance*
- *App development*

3 - Administration/Management Services: \$ 40,000 22 %

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*

/

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- *Financial reporting and accounting*
- *Legal work*

4 - Contingency/Reserve: **\$ 10,390.00** **5%**

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

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

Parcels that receive these programs, services and improvements attract more customers, employees, tenants and investors as a result of these programs, services and improvements, thereby increasing business volumes, sales transactions, occupancies, rental income and return on investments. These benefits are particular and distinct in that they are not provided to non-assessed parcels within or outside of the District. Because these programs, services and improvements will only be provided to each individual assessed parcel within the Laurel BID boundaries, these programs, services and improvements will constitute "special benefits". Existing City of Oakland services will be enhanced, not replaced or duplicated, by Laurel BID services. In the case of the Laurel BID, the very nature of the purpose of this District is to fund supplemental programs, improvements and services within the Laurel BID 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 pedestrian and retail commercial core uses, increase tenancy and marketing of the mix of retail, service, office, religious, residential and parking parcels and land uses in the Laurel BID and improve the aesthetic appearance of each identified parcel. All benefits derived from the assessments to be levied on parcels within the Laurel BID are for services, programs and improvements directly benefiting each individual parcel within this area and support increased cleanliness, commerce, business attraction and retention, increased commercial property rental income and improved District identity. No Laurel BID funded services, activities or programs will be provided beyond the Laurel BID boundaries.

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 characteristics unique only to that parcel. Parcels will be assessed based on a combination of factors: building area, land area and street frontage. 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 as a whole. Larger parcels and ones with larger building areas or larger street frontages are expected to impact the demand for services and programs to a greater extent than smaller land and/or

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building areas, 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 property attributes.

The proportionate special benefit cost for each parcel has been calculated based on optimum proportionate formula components and is listed as an attachment to this Report as Appendix 1. The individual percentages (i.e. proportionate relationship to the total special benefit related program and activity costs) are 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 Laurel BID, they are also considerably less than other options considered by the Laurel BID renewal proponent group. The actual assessment rate for each parcel within the Laurel BID directly relate to the level of service and, in turn, special benefit to be provided based on the respective building area, land area, street frontage. There is one benefit zone. It is noted that residential condominiums are assessed based on the individual 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.....”

Currently, there are no publicly owned parcels within the Laurel BID.

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 Laurel BID.

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.”

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The individual and total parcel assessments attributable to special property benefits are shown on Appendix 1 to the Management District Plan and this Report. The District and resultant assessment payments will continue for 10 more years and may be renewed again at that time. The reasons (purposes) 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 to building area, land area, street frontage. There is one benefit zone. It is noted that residential condominiums are assessed based on the individual building pad area of each unit.

Assessment Formula Methodology

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

The method used to determine special benefits derived by each identified property within a BID begins with the selection of a suitable and tangible basic benefit unit. For property related services, such as those proposed in the Laurel BID, the benefit unit may be measured in linear feet of street frontage or parcel size in square feet or building size in square feet or number of building floors or any combination of these factors. Factor quantities 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 BID in order to determine any levels of different 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.

Based on the specific needs and corresponding nature of the program activities to be funded by the Laurel BID (i.e. sidewalk operations and beautification; district identity; administration/management services; and, contingency/reserve) 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 building area, land area and street frontage within one benefit zone.

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

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Building area is a direct measure of the static utilization of each parcel and its corresponding impact or draw on certain Laurel BID funded activities (i.e. 100% allocated to district identity costs). In the opinion of this Assessment Engineer, the targeted weight of this factor, building area, based on measured property characteristics, should generate approximately 15% of the total Laurel BID revenue to proportionately fund the special benefit costs for these related programs and services.

Land area is a direct measure of the current and future development capacity of each parcel and its corresponding impact or draw on certain Laurel BID funded activities (i.e. 50% allocated to sidewalk operations/beautification costs, and balance will fund 100% of program management costs and 100% of contingency/reserve costs). In the opinion of this Assessment Engineer, the targeted weight of this factor, land area, should generate approximately 50% of the total Laurel BID revenue to proportionately fund the special benefit costs for these related programs and services.

Street frontage is a direct measure of the static utilization of each parcel and its corresponding impact or draw on certain Laurel BID funded activities (i.e. 100% allocated to fund sidewalk operations/beautification). In the opinion of this Assessment Engineer, the targeted weight of this factor, street frontage, should generate approximately 33% of the total Laurel BID revenue to proportionately fund the special benefit costs for these related programs and services.

In the case of residential condominiums, it is the opinion of this Engineer that the application of unit building pad area is a proven method of fairly and equitably spreading special benefit costs to these unique property ownerships and land uses. This assessment factor directly relates to the degree of special benefit each residential condominium parcel will receive from targeted Laurel BID funded activities for this land use. Land area and street frontage quantities do not relate properly to the building orientation and configurations of multi-unit, multi floor residential condominium complexes. In the opinion of this Assessment Engineer, the targeted weight of this factor, residential condominium building pad area, should generate approximately 2% of the total Laurel BID revenue to proportionately fund the special benefit costs for this limited land use.

The "Basic Benefit Units" will be expressed as a combined function of gross building square footage (Benefit Unit "A") land square footage (Benefit Unit "B"), street frontage (Benefit Unit "C") and residential condominium building pad area (Benefit Unit "D"). Based on the shape of the Laurel BID, as well as the nature of the District program elements, it is determined that all identified properties will gain a direct and proportionate degree of special benefit based on the respective amount of building size, parcel size and street frontage within one benefit zone. Residential condominiums will gain a direct and proportionate degree of special benefit based on the individual building pad area of each unit.

There is one Benefit Zone within the Laurel BID. Assessments are based on three formula components. building square footage; land square footage and street frontage. Residential condominiums assessments are based on the individual

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building pad area of each unit..

The Basic Benefit Units will be divided as follows: 1) Benefit Units for the building area, “Unit A”, 2) Benefit Units for the land area, “Unit B”; 3) Benefit Units for street frontage, “Unit C”; and, 4) Benefit Units for residential condominium building pad area, “Unit D”;

Future Development

Other than future maximum rates and the assessment methodology delineated in this Report, per State Law (Government Code Section 53750), future assessments may increase for any given parcel if such an increase is attributable to events other than an increased rate or revised methodology, such as a change in the density, intensity, or nature of the use of land. 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 2. Quantify Total Basic Benefit Units

Taking into account all identified benefiting properties and their respective assessable benefit units, there are 394,856 Benefit Units A, 675,401 Benefit Units B, 8,662 Benefit Units C, and 16,740 Benefit Units D. The measurable quantities and corresponding revenue generated by each factor are shown in the tables below:

Benefit Unit Quantities by Zone for YR 1 - 2014

	<u>Quantity</u>
Building Area Sq Ft (Unit A)	394,856
Land Area Sq Ft (Unit B)	675,401
Street Frontage Linear Ft (Unit C)	8,662
Res Condo Bldg Pad Area Sq Ft (Unit D)	16,740

Assessment Revenue by Factor for YR 1 - 2016

	<u>Assmt Revenue</u>
Total Building Area Sq Ft (Unit A)	\$29,891
Total Land Area Sq Ft (Unit B)	\$89,470
Total Street Frontage Linear Ft (Unit C)	\$59,681
Res Condo Bldg Pad Area Sq Ft (Unit D)	\$3,348

Step 3. Calculate Benefit Units for Each Property.

The number of Benefit Units for each identified benefiting parcel within the Laurel BID was computed from data extracted

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from County Assessor records and maps. These data sources delineate current land uses, building areas, 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 Laurel BID 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 is the opinion of this Engineer that the Laurel BID assessments will be based on building area, land area, and street frontage except as noted within for residential condominiums.

The proposed assessment formula is as follows:

$$\begin{aligned} \text{Assessment} &= \text{Building Area (Unit A) Sq Ft x Unit A-1 Rate, plus} \\ &\quad \text{Land Area (Unit B) Sq Ft x Unit B-1 Rate, plus} \\ &\quad \text{Street Frontage (Unit C) Lin Ft x Unit C-1 Rate} \end{aligned}$$

$$\text{Residential Condominium Assessments} = \text{Building Pad Area (Unit D) Sq-Ft x Unit D Rate}$$

Computing Assessment Formula Unit Rates Year 1 – 2015-16

Building Area Rate (Unit A)

$$\text{\$29,891 / 394,856 sq ft} = \text{\underline{\$0.0757/sq ft}}$$

Land Area Rate (Unit B)

$$\text{\$88,470 / 675,401 sq ft} = \text{\underline{\$0.13247/sq ft}}$$

Street Frontage Rate (Unit C)

$$\text{\$59,681 / 8,662 lin ft} = \text{\underline{\$6.89/lin ft}}$$

Residential Condo Rate (Unit D)

$$\text{\$3,348 / 16,740 sq ft} = \text{\underline{\$0.20/sq ft}}$$

The complete Yr 1 – 2015/16 assessment roll of all parcels to be assessed by this BID is included as Appendix I

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Step 5. Estimate Total District Costs

The total projected 10 year District costs for 2016 – 2025 of the Laurel BID are shown below in Table 1 assuming a 5% increase per year.

TABLE 1

10 Year Projected District Special Benefit Costs (not to exceed 5% annual increase)

Projected Budget	FY 1	FY 2	FY 3	FY 4	FY 5
Sidewalk Operations	\$60,000.00	\$63,000.00	\$66,150.00	\$69,457.50	\$72,930.38
District Identity	\$72,000.00	\$75,600.00	\$79,380.00	\$83,349.00	\$87,516.45
Administration	\$40,000.00	\$42,000.00	\$44,100.00	\$46,305.00	\$48,620.25
Contingency	\$10,390.00	\$10,909.50	\$11,454.98	\$12,027.72	\$12,629.11
Total	\$182,390.00	\$191,509.50	\$201,084.98	\$211,139.22	\$221,696.18
Projected Budget	FY 6	FY 7	FY 8	FY9	FY 10
Sidewalk Operations	\$76,576.89	\$80,405.74	\$84,426.03	\$88,647.33	\$93,079.69
District Identity	\$91,892.27	\$96,486.89	\$101,311.23	\$106,376.79	\$111,695.63
Administration	\$51,051.26	\$53,603.83	\$56,284.02	\$59,098.22	\$62,053.13
Contingency	\$13,260.57	\$13,923.59	\$14,619.77	\$15,350.76	\$16,118.30
Total	\$232,780.99	\$244,420.04	\$256,641.05	\$269,473.10	\$282,946.75

It is recognized that market conditions may cause the cost of providing goods and services to fluctuate from year to year. Accordingly, the Association Board shall have the right to reallocate up to 10% of the budget line item within the budget categories based on such cost fluctuations subject to the review and approval by the Board of Directors and included in the Annual Planning Report that will be approved by the Oakland City Council. Accrued interest or delinquent payments may be expended in any budget category.

Any funds remaining after the tenth year of operation will be rolled over into the renewal budget or returned to stakeholders. Also, if the funds are available in the ninth year of operations, costs for renewal may be expended. If the District is not renewed or terminated for any reason, unexpended funds will be returned to the property owners pursuant to State PBID Law.

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

Total costs are estimated at \$188,031 (see Table 3 below). General benefits are factored at 3% of total (see Finding 2 on page 6 of this report) with special benefits set at 97%. Prop 218 limits the levy of property assessments to costs attributed to special benefits only. The 3% general benefit cost is computed to be \$5,641 with a resultant 97% special benefit limit computed at \$182,390. *This is the maximum amount of revenue that can be derived from property assessments from the*

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subject BID

TABLE 2
Total Year 1 – 2016 - Special + General Benefit Revenue

Service	YR 1 - 2016 Assessment Allocation	YR 1 - 2016 Non-Assessment Allocation	YR 1 - 2016 Total Allocation	% of Total
SOBO	\$ 60,000	\$ 1,856	\$ 61,856	33 %
District Identity	\$ 72,000	\$ 2,227	\$ 74,227	40%
Administration	\$ 40,000	\$ 1,237	\$ 41,237	22%
Contingency/Reserves	\$ 10,390	\$ 321	\$ 10,711	5%
Total	\$182,390	\$ 5,641	\$ 188,031	100%

All program costs associated with general benefits (\$5,488) will be derived from monetary sources other than Laurel BID assessments.

TABLE 3
General + Special Benefit Revenue Sources

Revenue Source	Cost
Laurel BID Assessment Revenues Yr 1 – 2016)	\$182,390
Other revenues to fund general benefit costs (grants, dues, program income)	\$5,641
TOTAL COST - GENERAL + SPECIAL BENEFITS	\$188,031

Step 7. Calculate “Basic Unit Cost”

With a YR 1 – 2016 budget of \$182,390 (special benefit only), the Basic Unit Costs (rates) are shown above in Step 4 and delineated in Table 5 below. Since the Laurel BID is being renewed for a 10 year term, maximum assessments for future years (2017-2025) must be set at the inception of the PBID. An annual inflationary assessment rate increase not to exceed 5% may be imposed for future year assessments, on approval by the Association Board. The maximum assessment rates for the 10 year PBID term of 2016-2025 are shown below in Table 4. The assessment rates listed constitute the maximum assessment rates that may be imposed for future years of the Laurel BID (2016-2025).

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TABLE 4

TEN YEAR MAXIMUM ASSESSMENT RATES (Not to exceed 5% per year)

Rate Component	YR 1	YR 2	YR 3	YR 4	YR 5
Building Area (per SF)	\$0.07570	\$0.07949	\$0.08346	\$0.08763	\$0.09201
Land Area (per SF)	\$0.13247	\$0.13909	\$0.14605	\$0.15335	\$0.16102
Street Frontage (per LF)	\$6.89000	\$7.23450	\$7.59623	\$7.97604	\$8.37484
Resid Condo Bldg Area (per SF)	\$0.20000	\$0.21000	\$0.22050	\$0.23153	\$0.24310
Rate Component	YR 6	YR 7	YR 8	YR 9	YR 10
Building Area (per SF)	\$0.09661	\$0.10145	\$0.10652	\$0.11184	\$0.11744
Land Area (per SF)	\$0.16907	\$0.17752	\$0.18640	\$0.19572	\$0.20550
Street Frontage (per LF)	\$8.79358	\$9.23326	\$9.69492	\$10.17967	\$10.68865
Resid Condo Bldg Area (per SF)	\$0.25526	\$0.26802	\$0.28142	\$0.29549	\$0.31027

Step 8. Spread the Assessments

The resultant assessment spread calculation results for each parcel within the Laurel BID are shown in the Management District Plan and were determined by applying the District assessment formula to each identified benefiting property.

APPENDIX 1

YR 1 – 2015-16
ASSESSMENTS

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<u>APN</u>	<u>Year 1 Assmt</u>
028 0956 001 00	\$1,916.91
028 0956 002 00	\$582.53
028 0956 006 04	\$3,503.29
028 0957 012 00	\$1,624.60
028 0957 034 00	\$315.40
028 0957 035 00	\$504.60
028 0957 036 00	\$304.60
028 0957 037 00	\$304.60
028 0957 038 00	\$304.60
028 0957 039 00	\$304.60
028 0957 040 00	\$174.40
028 0957 041 00	\$317.20
028 0957 042 00	\$332.20
028 0957 049 00	\$400.40
030 1898 038 01	\$3,993.12
030 1898 011 00	\$897.15
030 1898 012 00	\$1,139.97
030 1898 018 00	\$1,601.92
030 1898 014 00	\$986.17
030 1903 011 00	\$1,515.62
030 1903 012 01	\$2,157.34
030 1903 014 00	\$285.40
030 1903 015 01	\$2,763.90
030 1907 012 00	\$1,486.93
030 1907 013 00	\$776.99
030 1907 014 00	\$1,082.22
030 1907 015 00	\$983.77
030 1907 016 00	\$937.29
030 1907 017 00	\$2,417.28
030 1912 012 00	\$1,564.91
030 1912 013 00	\$692.68
030 1912 014 00	\$1,058.31
030 1912 015 00	\$1,216.46
030 1912 019 01	\$4,996.27
030 1917 012 00	\$1,641.28
030 1917 013 00	\$609.47
030 1917 014 00	\$917.69
030 1917 015 00	\$917.69
030 1917 015 00	\$614.74
030 1917 017 00	\$862.85
030 1917 018 00	\$2,077.74
030 1980 055 00	\$2,430.45
030 1980 057 00	\$2,717.08
030 1980 058 01	\$2,746.06

030 1980 059 00	\$9,164.56
030 1980 060 00	\$1,296.01
030 1980 061 00	\$1,524.62
030 1980 062 00	\$919.03
030 1980 063 00	\$1,160.34
030 1980 132 01	\$2,766.28
030 1980 134 02	\$1,553.13
030 1980 135 00	\$1,017.44
030 1980 136 00	\$969.75
030 1980 137 00	\$1,311.87
030 1980 138 00	\$1,319.44
030 1980 139 00	\$1,411.08
030 1980 140 00	\$1,279.37
030 1980 141 00	\$1,411.08
030 1980 142 02	\$2,262.69
030 1980 144 00	\$1,658.75
030 1980 163 00	\$1,027.30
030 1980 164 00	\$3,016.91
030 1981 059 01	\$1,695.85
030 1981 060 00	\$1,249.92
030 1981 061 00	\$988.52
030 1981 063 01	\$4,329.38
030 1981 064 00	\$14,543.72
030 1981 065 00	\$696.10
030 1981 066 00	\$1,007.78
030 1981 067 00	\$693.30
030 1981 068 00	\$673.75
030 1981 069 00	\$503.82
030 1981 070 00	\$689.50
030 1981 091 00	\$1,759.81
030 1981 092 00	\$748.05
030 1981 093 00	\$2,725.26
030 1981 094 00	\$1,156.67
030 1981 097 00	\$2,855.18
030 1981 098 01	\$2,689.73
030 1981 099 00	\$1,797.28
030 1981 113 00	\$1,805.25
030 1981 114 00	\$1,939.00
030 1981 115 00	\$702.33
030 1981 116 00	\$1,939.49
030 1981 117 00	\$2,763.72
030 1981 118 00	\$969.75
030 1981 119 00	\$1,114.15
030 1981 128 00	\$1,305.98

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030 1981 129 00	\$2,391 46
030 1981 130 02	\$2,382 56
030 1981 131 00	\$1,177 39
030 1981 132 00	\$969.75
030 1981 133 00	\$2,778.21
030 1981 135 00	\$3,406 91
030 1981 150 01	\$4,091 15
030 1981 151 00	\$1,191.17

030 1981 152 00	\$2,516 44
030 1981 154 01	\$1,687 78
030 1981 155 00	\$819.14
030 1981 157 00	\$3,793 04
030 1982 118 01	\$3,162.94
030 1982 121 00	\$2,520.93
030 1982 123 00	\$2,219.67
TOTAL	\$182,390 15

APPENDIX 2

THE LAUREL BID 2016 BOUNDARY MAP

Exhibit B
(to the Resolution of Intention to Form the
Laurel Business Improvement District 2016)

SAMPLE BALLOT

**CITY OF OAKLAND
LAUREL BUSINESS IMPROVEMENT DISTRICT 2016
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 Laurel Business Improvement District 2016 (Laurel Business Improvement District) in the City of Oakland. Please advise the City of Oakland as soon as possible at (510) 238-7405 if the information set forth below is incorrect.

This ballot may be used to express either support for or opposition to the proposed Laurel Business Improvement District 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: Laurel Business Improvement District.** If a majority of ballots received (as weighted by assessment) oppose the Laurel Business Improvement District assessment, the Laurel Business Improvement District will not be established and the Laurel Business Improvement District 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 Laurel Business Improvement District 2016.

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 LAUREL BUSINESS IMPROVEMENT DISTRICT 2016, WHICH IS SCHEDULED FOR JULY 7, 2015, AT 6:30 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 Laurel Business Improvement District 2016 Assessment Amount (Votes Cast)

\$ _____

NAME (PRINTED)

SIGNATURE

DATE