

CITY OF OAKLAND

AGENDA REPORT

2006 JUL - 18 AM 10:42

TO: Office of the City Administrator
ATTN: Deborah Edgerly
FROM: Community and Economic Development Agency
DATE: July 18, 2006

RE: A Public Hearing On A Report And Recommendation From The Director, Community And Economic Development Agency, Regarding A Proposed Resolution Establishing The Fruitvale Property Business Improvement District Of 2006, Approving The Management Plan, Directing Filing Of The Proposed Assessment District Boundary Description, Making A Determination With Regard To The Majority Protest Procedure For Approval Of The Proposed Assessments, And Approving The Assessments For The District.

SUMMARY

A resolution has been prepared pursuant to the City of Oakland's Business Improvement Management District (BIMD) Ordinance (ORD 12190, 1999) regarding establishing the Fruitvale Property Business Improvement District (PBID) of 2006, approving the management plan, directing filing of the proposed assessment district boundary description, making a determination with regard to the majority protest procedure for approval of the proposed assessments, and approving the assessments for the district.

At a public hearing scheduled for July 18, 2006, City Council will consider adoption of the above resolution. Public testimony will be heard and the results of a State Proposition 218 mandated mail balloting of all affected property owners will be presented. If a majority protest is evidenced (i.e. 50+% of a weighted majority of the ballots submitted is opposed to district formation), then the district will not be formed. If, however, a weighted majority (50% or more) is in favor of the assessment, then the City Council may adopt the resolution to establish the proposed district.

The estimated annual income of the proposed district is \$324,713 subject to a 5% per year maximum increase over the proposed five year life of the PBID.

Monies generated will be used to provide enhanced cleaning, security and marketing services for the affected Fruitvale commercial neighborhood.

FISCAL IMPACT

If the Fruitvale PBID of 2006 is established, the City will be obligated to pay its fair share of assessments on City-owned property within the proposed district. The City's total projected assessment will be in an amount not to exceed \$66,964.46 over the proposed five year life of the district to be paid out as follows:

Item _____
City Council
July 18, 2006

FY06-07	FY07-08	FY08-09	FY09-10	FY10-11
\$12,118.88	\$12,724.82	\$13,361.07	\$14,029.12	\$14,730.57

The above table accounts for a proposed discretionary 5% annual increase in Years 2 through 5 of the district. Any percentage increase must be recommended by the District's advisory board and approved by the City Council.

Funds to pay the FY 06-07 assessments have been budgeted to the General Purpose Fund (1010), NCR & SDS organization (88569), Taxes and Assessments account (53511), Business Improvement District (BID)-NCR project (C138410), Neighborhood Commercial Revitalization program (NB30). Staff will make recommendations regarding any new appropriation that may be required to fund the new financial obligation during subsequent budget development cycles.

The City-owned properties within the proposed PBID are Josie de la Cruz Park, formerly Sanborn Park (APN 025-0722-026-00), Fruitvale Plaza Park at 3500 International Boulevard (APN 033-2130-035-02), Cesar Chavez Park at 4201 Foothill Boulevard (APN 035-2352-001-02), and APN 033-2135-026-02, a property located on Foothill Boulevard.

Under Proposition 218, government-owned properties are not exempt from property-based assessments. This is because public as well as private properties are expected to derive distinct benefits from the activities of the district.

If the levy is approved, 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 (approximately 1.7% of total assessment), to the City. The City, in turn, disburses the funds to the district, pursuant to a written agreement between the City and the District's non-profit management corporation, less the City's costs of processing the disbursement.

Lastly, if the Fruitvale PBID of 2006 succeeds, program guidelines state that the City is expected to maintain a base level of service within the PBID equivalent to the level prior to establishment of the assessment district. Maintaining baseline services, however, commits no additional City funds to the district beyond what already exists. Reductions may occur in keeping with proportional adjustments throughout the City resulting from changes in the City's overall financial condition.

BACKGROUND

In 1999, the City Council approved the Oakland Property Business Improvement District Ordinance (Ord No. 12190 C.M.S.). The ordinance complements the State's Property and Business Improvement District (PBID) law under AB3752. These two pieces of legislation allow for the formation of property-based assessment districts to undertake a range of services within the assessment area, independent from government, to further the development and economic viability of the area.

In 1999, Oakland City Council authorized the initiation of the Neighborhood Business Improvement District (NBID) Program to assist neighborhood representatives in their attempts to establish business and property-based assessment districts. Under this program, the City hired consultant New City America, Inc., to assist the Spanish Speaking Unity Council to complete a preliminary PBID feasibility study and to begin the process of solidifying support for the concept of a PBID among area property owners.

Pursuant to those efforts on May 16, 2006, the City Council adopted Resolution No. 79906 C.M.S., the resolution of intention to form the Fruitvale Property Business Improvement District of 2006, including granting preliminary approval of the management plan, directing filing of the proposed assessment district boundary description, submitting a proposed assessment to the affected property owners for majority protest procedure approval; and scheduling a public hearing for July 18, 2006. At the public hearing, after receiving public testimony and determining the results of the majority protest procedure, the City Council will decide whether or not to establish the proposed district.

The PBID model for economic development is also being used in the Rockridge (established 2000), Montclair (established 2001), Lakeshore/Lake Park (established 2002), Temescal/Telegraph Avenue (established 2004), and the Laurel district (established 2005) and in other commercial neighborhoods throughout the country.

KEY ISSUES AND IMPACTS

There is no anticipated adverse impact associated with the formation and operation of the Fruitvale PBID of 2006. However, if formation is approved the City must pay its fair share of assessments on City-owned property within the district. Payments of these assessments, as described above, will leverage approximately twenty-five times as much in private dollars over the proposed five year life of the district and, therefore, represents a strategic and productive investment of public funds.

Additional positive impacts include an ongoing private funding source for enhanced safety, cleaning and marketing activities to support the economic development of the Fruitvale district. Accordingly, formation of the proposed PBID will enable the district to serve as a positive self-help model for other Oakland business districts.

PROGRAM DESCRIPTION

The proposed Fruitvale PBID of 2006 encompasses approximately 300 parcels. The boundaries of the proposed district would include all parcels along Fruitvale Avenue from E. 12th Street to Foothill Boulevard, on Foothill Boulevard from Fruitvale Avenue to High Street, on International Boulevard from 29th to 42nd Avenue and on E. 12th Street from 33rd to 35th Avenue. Assessments are based on lot size and by law must be in proportion to the anticipated benefit received by each property. Accordingly, the assessment amount on each parcel ranges from eight cents to seventeen cents per square foot of lot size, depending on the level of service received.

It is anticipated that the Fruitvale PBID of 2006 will generate approximately \$324,713 of assessment funds in Year 1 of the District. Allowing for a 5% discretionary increase per year in assessment billings this represents approximately \$1,794,244.30 of special assessment funds that may be generated over the proposed five year life of the District. These funds will be used to pay for services outlined in the Fruitvale PBID Management Plan, developed by affected property owners. The plan sets forth actions which are intended to improve the commercial climate within the district. Key aspects of the service plan will include cleaning, enhanced security and marketing activities for the district.

The Fruitvale PBID of 2006 will have a non-profit management corporation contracted by the City to handle District operations. A City-appointed advisory board will be charged with monitoring service delivery within the District and submitting annual service plan reports, including budgets, to the City Council for review and approval. The board is required to have at least one member who is a business licensee within the district who is not also a district property owner.

SUSTAINABLE OPPORTUNITIES

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

Environmental: The proposed levy will enable the Fruitvale PBID to continue its efforts to strengthen and beautify the physical image of the existing neighborhood commercial area through the implementation of services such as enhanced sidewalk cleaning to improve the District's appearance.

Social Equity: PBIDs incorporate members of the local business community into a productive and proactive entity representing the interests of that community. Administration of the cash flow generated by the District itself contributes to local entrepreneur self-empowerment and provides enhanced services for the overall physical and economic betterment of the district.

DISABILITY AND SENIOR ACCESS

The authorization of assessments for the PBID has no direct implications for disability and senior access. However, the PBID's efforts toward revitalization may encourage businesses to continue to abide by applicable state, federal and local codes and legislation regarding disability and senior access. Improved public safety and security provided by the PBID could also serve to make the area safer and more accessible to all visitors, including senior citizens and disabled persons.

RECOMMENDATION(S) AND RATIONALE

Adoption of the attached resolutions will support the formation of the Fruitvale PBID of 2006 and its planned activities. The formation of the Fruitvale PBID of 2006 represents a proactive effort on the part of private property owners within the district to improve the conditions and image of their area and to productively participate in its economic revitalization. This initiative presents a positive model for other neighborhood commercial areas.

Additionally, because PBIDs are self-initiated, self-funded, and self-administered, there are no anticipated fiscal impacts for the City associated with formation of the Fruitvale PBID beyond the projected maximum of \$66,964.46 to pay the City's share of assessments over the proposed five year life of the district. This amount, compared to the approximate \$1.73 million of private dollars it would leverage, seems a strategic and reasonable investment of public resources.

Staff recommends that the City Council approve the attached resolution establishing the Fruitvale Property Business Improvement District of 2006, approving the management plan, directing filing of the proposed assessment district boundary description, making a determination with regard to the majority protest procedure for approval of the proposed assessments, and approving the assessments for the district.

ACTION REQUESTED OF THE CITY COUNCIL

The action requested of the City Council is to adopt the resolution establishing the Fruitvale Property Business Improvement District of 2006, approving the management plan, directing filing of the proposed assessment district boundary description, making a determination with regard to the majority protest procedure for approval of the proposed assessments, and approving the assessments for the district.

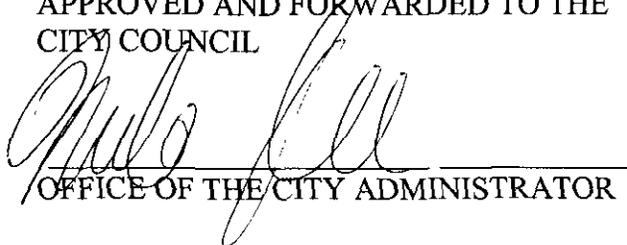
Respectfully submitted,



Daniel Vanderprien
Director of Redevelopment,
Economic Development and Housing

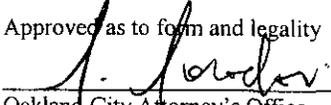
Prepared by:
Stephanie Floyd-Johnson, Manager
Neighborhood Commercial Revitalization

APPROVED AND FORWARDED TO THE
CITY COUNCIL


OFFICE OF THE CITY ADMINISTRATOR

OFFICE OF THE CITY CLERK
OAKLAND

2006 JUL -6 AM 11:03

Approved as to form and legality

Oakland City Attorney's Office

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

RESOLUTION ESTABLISHING THE FRUITVALE PROPERTY BUSINESS IMPROVEMENT DISTRICT OF 2006, APPROVING THE MANAGEMENT PLAN, DIRECTING FILING OF THE PROPOSED ASSESSMENT DISTRICT BOUNDARY DESCRIPTION, MAKING A DETERMINATION WITH REGARD TO THE MAJORITY PROTEST PROCEDURE FOR APPROVAL OF THE PROPOSED ASSESSMENTS; AND APPROVING THE ASSESSMENTS FOR THE DISTRICT

WHEREAS, the City Council of the City of Oakland enacted the City of Oakland Business Improvement District Ordinance (Chapter 4.48, Ordinance 12190, 1999) establishing the procedures for the formation of Business Improvement 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 Fruitvale district have duly petitioned to form the Fruitvale Property Business Improvement District of 2006 ("District") under the City of Oakland Business Improvement District Ordinance (the "BIMD Ordinance") to form the District and have proposed the Management Plan for the operation of the District ("Plan") (Exhibit A); and

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

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

WHEREAS, the Plan, incorporated by this reference, provides for new security, crime prevention, sidewalk maintenance, promotional, and marketing activities and improvements of particular benefit to the properties located within the District(as more specifically identified in the Plan attached hereto); and

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

WHEREAS, the District includes four (4) City-owned properties on which assessments are to be levied (APN 025-0722-026-00, APN 033-2130-035-02, APN 035-2352-001-02, APN 033-2135-026-02); and

WHEREAS, the projected assessment for the four (4) City-owned properties will be in an amount not to exceed \$66,964.46 to be paid over the maximum five year life of the district; and

WHEREAS, funds to pay the FY 06-07 assessments on affected City owned property located in the proposed business improvement district have been budgeted to the General Purpose Fund (1010), NCR& SDS organization (88569), Taxes and Assessments account (53511), Business Improvement District (BID)-NCR Project (C138410), Neighborhood Commercial Revitalization program (NB30); and

WHEREAS, the City Council of the City of Oakland adopted a Resolution of Intention to form the Fruitvale Property Business Improvement District of 2006 on May 16, 2006; now therefore be it

RESOLVED: that the City Council of the City of Oakland finds that the Management Plan for the District satisfies all the requirements of the BIMD Ordinance, the laws of the State of California and the California Constitution with regard to the formation of Business Improvement Districts, and does hereby find and determine as follows:

1. A Business Improvement District is hereby established pursuant to the BIMD Ordinance with the boundaries as specified in the Plan on file in the office of the City Clerk, a copy of which is attached hereto as Exhibit A.
2. A copy of the preliminary report of the City Clerk is on file in the office of the City Clerk relating to the formation of the District.
3. The Plan for the District, is approved and the assessments for the first year shall be as provided for in the Plan (Exhibit A) and in the assessment roll contained in the appendix to the Plan (Exhibit A) and are incorporated herein by this reference
4. The name of the District shall be the Fruitvale Property Business Improvement District of 2006.
5. The types of the improvements and activities proposed to be funded and acquired by the levy of assessments on property in the District and the time period for which the proposed improvements are to be made shall be those specified in the Plan on file in the office of the City Clerk and attached hereto (Exhibit A).
6. The improvements and activities to be provided in the District will be funded by the levy of assessments. An assessment will be levied annually to pay for all improvements and activities within the area. The revenue from the levy of assessments within the District shall not be used to provide improvements or activities outside the district or for any purpose other than

the purposes specified in the Resolution of Intention as modified by the City Council at the hearing concerning the establishment of the district as specified in this Resolution.

7. The boundaries of the District and of each separate benefit zone within the district shall be those delineated in the description contained in the Plan which is on file in the office of the City Clerk and a copy of which is attached hereto (Exhibit A).
8. The proposed method and basis of levying the assessments to be levied against each property in the District are based on the lot size, building size, linear frontage and use of properties located within the District as more specifically stated in the plan on file in the office of the City Clerk and attached hereto and incorporated herein by this reference (Exhibit A).
9. The assessments for the entire District total \$324,713 for the first year of the District, and the amount chargeable to each parcel shall be as shown in the Plan on file in the office of the City Clerk and on the appendix to Exhibit A attached hereto.
10. The District shall be in existence for a period of five (5) years during which a maximum 5% increase per year in the amount of the assessment on each property shall be allowable.
11. The assessment shall be attached to the property and collected with the annual county property taxes, and in certain cases, as specified in the Plan, through a special municipal billing.
12. The City Council of the City of Oakland adopted a Resolution of Intention to form the Fruitvale Property Business Improvement District of 2006 on May 16, 2006, Resolution No. 79906 C.M.S. The title of the Resolution of Intention is **RESOLUTION OF INTENTION TO FORM THE FRUITVALE PROPERTY BUSINESS IMPROVEMENT DISTRICT OF 2006, GRANTING PRELIMINARY APPROVAL OF THE MANAGEMENT PLAN, DIRECTING FILING OF THE PROPOSED ASSESSMENT DISTRICT BOUNDARY DESCRIPTION, SUBMITTING A PROPOSED ASSESSMENT TO THE AFFECTED PROPERTY OWNERS FOR MAJORITY PROTEST PROCEDURE APPROVAL; AND SCHEDULING A PUBLIC HEARING FOR JULY 18, 2006.**
13. A Public Hearing was held at 7:01 p.m. on July 18, 2006 at City Hall, One Frank H. Ogawa Plaza, Oakland California in the City Council Chambers, to hear all public comments, protests, count the returned ballots as to the formation of the District, appoint the Advisory Board for the District, and take final action as to the formation of the District. At the hearing the testimony of all interested persons for or against the establishment of the District, the boundaries of the District, or the furnishing of the specified types of improvements or activities was heard. All protests, both written and oral, are overruled and denied and the City Council finds that there is not a majority protest within the meaning of the Oakland Business Improvement District Ordinance (Chapter 4.48, Ordinance 12190, 1999).
14. The City Council finds, determines and declares that the District and each parcel therein is benefited by the improvements, maintenance, and activities funded by the assessment to be

levied, including all expenses incurred incidentally thereto, upon the lots and parcels of real property in proportion to the estimated benefits to be received as specified in the Management District Plan and engineer's report included therein.

15. The City Clerk shall record a notice and map describing the assessment district pursuant to California Streets and Highways Code Division 4.5 (commencing with Section 3100).
16. Properties in the District shall be subject to any amendments to the Oakland Business Improvement District Ordinance (Chapter 4.48, Ordinance 12190, 1999).
17. The City Administrator is hereby authorized to enter into annual contracts with any nonprofit corporation comprised of the assessees themselves designated by the owners through the Advisory Board for the District for the security, marketing, maintenance, or other activities and improvements for the District, or at the request of the owners through the Advisory Board to conduct or contract for such services and improvements as provided for in the BIMD Ordinance.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, ____

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-

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

Exhibit A

(to the resolution establishing the Fruitvale PBID of 2006)

FINAL PLAN

**MANAGEMENT DISTRICT PLAN FOR THE
FRUITVALE PROPERTY BUSINESS IMPROVEMENT DISTRICT OF 2006**

OAKLAND, CALIFORNIA

Prepared pursuant to the City of Oakland's
Business Improvement Management District Ordinance of 1999
12190, Under Municipal Code Chapter 4.48
for the Fruitvale Business District

Prepared for:

Fruitvale PBID Business and Property Owners
City Council President Ignacio De La Fuente
Community Economic Development Agency - City of Oakland

by

THE UNITY COUNCIL

APRIL 2006

FRUITVALE PROPERTY BUSINESS IMPROVEMENT DISTRICT OF 2006 MANAGEMENT DISTRICT PLAN

I. EXECUTIVE SUMMARY

Building on many of the successes already achieved in Fruitvale, property owners, business owners, and the Unity Council joined forces to form the Fruitvale Business Improvement District (BID). This plan is for the renewal of the district. Under this plan, the BID will provide improved services from those currently provided in an expanded area. BIDs have been used successfully in many other commercial districts throughout the country to increase sales, attract new tenants, and increase property values.

Location:

- On Fruitvale Avenue from East 12th Street to Foothill Boulevard (all four corners);
- On Foothill Boulevard from Fruitvale Avenue (all four corners) to High Street;
- On International Blvd. from 29th to 42nd Avenue; and
- On East 12th Street from 33rd to 35th Avenue.

Services: Public safety program to support police and property owner crime prevention efforts; a cleaning and maintenance program; an advocacy program to promote the district's interests and secure additional funding; a marketing program to promote the district throughout the region

Budget: Total maximum district budget for each year is approximately \$324,713 per year with a maximum 5% increase per year.

Cost: The costs to the property owner depend on the zone. Property owners within Zone 1 will pay \$0.17 per square foot; property owners within Zone 2 will pay \$0.08 per square foot. Properties in both Zones owned by non-profit organizations will be assessed \$0.08 per square foot.

Formation: District formation requires submittal of petitions from property owners representing at least 30% of the total assessment. The "Right to Vote on Taxes Act" (also known as Proposition 218) requires that more than 50% of the ballots received, weighted by assessment, be in support of the District.

Duration: The proposed District will have a five-year life. After five years, the petition process must be repeated for the District to be reestablished.

II. BACKGROUND

Over a decade ago, the Unity Council, a non-profit 501(c)(3) community development corporation, began to utilize a comprehensive approach to promote the economic development of the Fruitvale commercial district. It began planning the construction of the Fruitvale Village, started a façade improvement program, and began to provide business assistance to the Fruitvale merchants.

In 1996, the Local Initiatives Support Corporation (LISC) and the National Main Street Center (NMSC) were seeking organizations to participate in a pilot urban neighborhood Main Street commercial district revitalization program. Both LISC and NMSC conducted an assessment of the Unity Council, the City of Oakland, and the

Fruitvale commercial district. In May of 1996, the Unity Council was selected as one of six sites across the country that would implement a Main Street program in an urban neighborhood commercial district.

The Main Street program provided the Unity Council, the City of Oakland, and the Fruitvale community with a unique opportunity to conduct comprehensive revitalization in the Fruitvale district. The National Main Street approach includes promotion, physical improvement, economic development, and organization. The Unity Council began its program by conducting surveys of the business and property owners. Through the responses, it was determined that safety and cleanliness was their major concern. Based on their input, the Unity Council successfully lobbied NMSC and LISC to modify the program to add crime and cleanliness to the Main Street framework.

The following were some of the major accomplishments of the Fruitvale Main Street Program:

- Over 50 façade improvements
- Installation of banners
- *Installation of antique street lights*
- Transformation of a formerly blighted space into Fruitvale Plaza Park, containing an artist-created bench and kiosk
- Annual Día de los Muertos Festival
- Business directories
- Business assistance workshops and conferences
- One-on-one technical assistance
- *Regular Neighborhood Crime Prevention Council meetings*
- Removal of problem payphones
- Volunteer youth ambassador program
- Creation of a video titled "It's Your Business" that promoted cleanliness in the commercial area
- Earth Day clean ups

Adoption of the Fruitvale Business Improvement District

In 2000, funding under the Main Street program was due to expire. In order to continue to address the needs of the Fruitvale commercial district, the Unity Council worked with the commercial property owners and business owners to create a Business Improvement District (BID) that would allow the property owners to pay into an assessment fund so that the services provided under the Fruitvale Main Street Program could be continued and expanded to include safety and cleanliness services.

The BID was adopted by the commercial property owners in Fruitvale and went into effect in 2001.

The services provided through the BID include

- Physical improvements such as façades, streetscapes, public art, and park beautification
- Assistance to merchants and property owners in areas including permits, design, business training, legal issues, etc.
- Advocacy with the City of Oakland to secure a higher level of service and funding for Fruitvale
- Fundraising – over \$5 million in grants have been raised to supplement BID funding allowing the provision of higher levels of safety and cleanliness services, as well as marketing, physical improvements, etc.
- Promotion including festivals, business directories, web site, and cooperative advertising

- Outreach – keeping the merchants and property owners informed about important events and resources
- Safety – working with the Oakland Police and City Attorney to ensure a high level of service; daily *Ambassador patrols*
- Sidewalk and gutter sweeping
- Graffiti abatement
- Volunteer involvement in community beautification and landscaping projects

The addition of safety and cleanliness services to the other Main Street services led to a dramatic improvement in the commercial district and a major increase in property values.

In 2001, with the new BID in place, the Fruitvale became a nationally recognized model for commercial district revitalization by LISC, NMSC, and numerous other national organizations. Of the six original pilot neighborhood Main Street programs across the country, Fruitvale has been acknowledged to be the most successful. Recent media attention has included numerous positive articles about local businesses as well as the statement that Fruitvale "has been transformed through city and private investments into a bustling retail corridor." (Oakland Tribune, November 7, 2004)

The following is a summary of the accomplishments that were achieved during the five years in which the BID has been in effect, 2001-2006 (note that these are in addition to the achievements before the BID was adopted):

Safety

- Partnered with our Councilmember and the City Attorney's office to target problem alcohol outlets, resulting in the closure or major improvement of five alcohol outlets
- Partnered with our Councilmember and the Oakland Police Department to conduct a campaign against prostitution, including the installation of cameras along International Boulevard
- Advocated to relocate a needle exchange program and an alternative high school out of the Fruitvale district
- Advocated to prevent the location of a drug treatment center in the Fruitvale commercial district
- Fruitvale Ambassador Program – patrol of the commercial district Monday through Friday
- Conducted a pedestrian safety campaign

Cleanliness

- Sidewalk and gutter sweeping every day except Sundays and holidays
- Operation of the Litter Hawk sweeping machines throughout the district
- Graffiti abatement
- Removal of handbills and flyers
- Secured a federal grant to purchase a top quality truck-mounted industrial pressure washing machine and conducted periodic pressure washings in the commercial district

Design and Physical Improvements

- Approximately 65 façade improvements in the last five years
- Installed streetscape improvements on International Boulevard between 33rd and 35th Avenue
- Raised funds and conducted community design workshops for major streetscape improvements on Fruitvale Avenue and Foothill Boulevard and for improvements to Fruitvale Plaza Park (construction to begin within the next three to five years)
- Advocated for the clean up of blight at numerous locations throughout the district

- Made daily phone calls to the City and other agencies to address problems in the commercial district such as potholes, broken street lights, abandoned cars, illegal dumping, etc.
- Painted trash cans on International Boulevard with artist-created designs
- Installed mosaic planter pots
- Installed a wildlife habitat garden at the corner of Fruitvale and Foothill, including a mural and a community bulletin board
- Planted over 90 trees throughout the commercial district
- Secured tree pruning and replacement of broken trees from City tree crews

Promotion

- Marketing web site (www.fruitvalemerchants.com)
- Business directory
- Restaurant directory
- Cooperative advertising campaigns
- Media campaigns
- Fruitvale Farmers Market
- On-line event calendar
- Removed parking meters in a portion of the district
- Participated in the Shop Oakland Campaign – dissemination of shopping bags, entering Fruitvale merchants into the Shop Oakland web site, etc.
- Installed artist-created markers for Fruitvale's historical buildings
- Annual holiday decorations
- Historical walking tours conducted by Oakland Heritage Alliance

Events

- Annual Día de los Muertos Festival
- Salsabor Festival
- *Christmas Posadas*
- Noches de Verano summer movie series
- Mother's Day events
- Valentines Day events
- Cesar Chavez Festival
- Annual Bike to Work Day

Organization and Outreach

- Published the Que Pasa newsletter
- Recruited numerous volunteers to assist with clean-ups, market studies, tree planting, gardening, etc.
- Utilized the AmeriCorps program to secure interns to assist in advocacy and outreach
- Helped the merchants to advocate for improved services from the City
- Joined the Oakland BID Council and Oakland Merchants Leadership Forum to better advocate for the interests of the Fruitvale district
- Helped local merchants and property owners get appointed to leadership positions on City of Oakland commissions
- Welcome visits and information packages for new merchants
- Annual volunteer appreciation event

Economic Development

- Business workshops, conferences, and one-on-one business development assistance
- Linked businesses with numerous resources such as free legal services, low-cost energy efficient lighting upgrades, lenders, free consulting services, etc.
- Mystery Shopper program – provided objective feedback and consulting to several Fruitvale businesses
- Publicized vacancies to recruit high quality businesses to the area
- Partnered with the City to address illegal sidewalk vending and to improve the appearance of legal pushcart vendors (project will be completed in early 2008)
- Over 200 net new jobs and 60 net new businesses created in the district
- The district maintained almost 100 percent occupancy of retail space

Current Situation – the Need for BID Renewal

The BID was adopted for a period of five years and is set to expire at the end of 2006. The original management district plan was based on the Unity Council's best estimate of how much cleaning and safety services would be needed. The original BID plan called for 81 worker hours per week of safety patrol service and 58 worker hours per week of sidewalk cleaning, landscaping, and maintenance. It quickly became clear that this would not be enough to make a noticeable difference. Thus the Unity Council was forced to raise additional funds to provide even the minimum amount of cleaning and safety patrol services needed.

By raising additional funds, the Unity Council was able to provide an average of 90 hours per week of safety patrol and over 140 hours per week of sidewalk cleaning, landscaping, and maintenance.

Although the Unity Council was authorized to implement an annual increase in assessments, it never exercised this option. Now that the first five years has ended, there is an opportunity to re-evaluate the funding and service levels and ensure that, going forward, the BID is able to provide the level of service requested and needed by the property owners. Thus the assessment formulas have been increased by a maximum of three cents per square foot for the renewed BID.

In addition to changing the assessment formulas to reflect actual levels of service, the area to be served has been expanded to include Foothill Boulevard from 34th Avenue to High Street. By adding this area, greater economies of scale can be achieved and more property owners will benefit from the services.

More Needs to Be Done and Current Efforts Need to Continue

A great deal was accomplished during the last five years. Attendance at the annual Día de los Muertos Festival increased to over 100,000. The district received a great deal of positive attention in the media. Major physical improvements were completed with millions of dollars in public and private investment. Cleanliness was dramatically improved. Property values skyrocketed.

To continue the momentum that was created in the last five years, it is essential to renew the BID. The loss of the BID services could jeopardize all of the progress that has been made. This plan ensures that the existing level of service will be enhanced so that Fruitvale can continue to develop into one of the most vibrant and successful communities in the entire Bay Area.

III. CHARACTERISTICS OF THE DISTRICT

Legal Description

The name of the district shall be the "Fruitvale Property Business Improvement District of 2006".

The purpose of this district is to fund special benefits for the public rights of way, over and above the current level of services funded by the City of Oakland. This district would continue to be known as the Fruitvale Property Business Improvement District of 2006, (PBID). Any and all assessments generated from the formation of the district would, by law, be required to stay in the district's boundaries to fund special benefit services.

The district is subject to the City's Business Improvement Management District enabling ordinance as well as the mail balloting procedure guidelines of Proposition 218 (Article XIID of California State Constitution).

Address Series

The parcels included in the renewed PBID include the following:

- On Fruitvale Avenue from E. 12th Street to Foothill Boulevard (all four corners);
- On Foothill Blvd. from Fruitvale (all four corners) to High Street;
- On International Blvd. from 29th to 42nd; and
- On E. 12th from 33rd to 35th.

A map of the district and a list of parcels to be assessed are included in the Appendix.

Property Variables to Be Assessed

One property variable, parcel size, will be used to calculate the assessments in the special benefit district. This variable can most easily be verified by County records. In addition, there will be two separate Benefit Zones, described below.

Assessment Methodology

Each and every parcel within the district, except for low density residential properties (discussed below), receives a particular and distinct benefit from the proposed improvements and activities, over and above general benefits conferred by the improvements and activities of the district.

Properties in the center of the commercial district with the highest commercial activity have the greatest need and therefore will receive the greatest benefit from the services provided. As a result, these properties have been identified as Zone 1. The remainder of the district is identified as Zone 2.

Zone 2 properties will receive only cleaning services and not safety, marketing, or advocacy, and thus will be assessed at a lower rate. Each of the services has been assigned a relative weight of benefit and assessments have been determined based on this relative benefit. The assessment rate on each of the zones is illustrated in the chart below:

	Commercial Properties	Non-Profit Properties
Benefit Zone 1	\$ 0.17 per square foot per year	\$ 0.08 per square foot per year
Benefit Zone 2	\$ 0.08 per square foot per year	\$ 0.08 per square foot per year

Zone 1 encompasses all properties along Fruitvale Avenue from Foothill Boulevard to East 12th Street excluding 1500 to 1900 Fruitvale, Foothill Boulevard from Fruitvale Avenue to 34th Avenue, International Boulevard from Fruitvale Avenue to 42nd Avenue, and East 12th Street from 33rd Avenue to 35th Avenue. The remainder of the district is Zone 2.

Properties owned by charitable tax-exempt organizations do not gain the same benefit from the district as commercial properties. The primary focus of a business improvement district is to provide benefit to commercial properties. However, properties owned by tax-exempt organizations do gain some benefit from the services provided by the district. In both Zone 1 and Zone 2, properties owned by nonprofit organizations will receive only cleanliness services. Thus, properties owned by nonprofit, tax-exempt, charitable organizations shall be exempt from paying for the portion of the assessment attributable to safety, marketing, and advocacy. The assessments on 501(c)(3) organizations shall be \$0.08 per square foot. Government owned properties are not exempt from assessment. (California Constitution Article XIII D, Section 4(a)).

Low density residential properties, those with four units or less, do not derive sufficient benefit from the proposed improvements to be assessed. These properties do not have employees or clients who visit the property nor do they operate a non-profit or for-profit organization that may benefit from the services provided. The purpose of the Management District is to benefit commercial and consumer-oriented properties.

Services to be Funded

The following methods were used to develop a service plan and budget for the renewed Fruitvale PBID:

- Two meetings of property owners and other stakeholders were held. Invitations to the meetings were sent to all of the property owners in the district. All the property owners for whom the Unity Council had phone numbers were invited through phone calls as well. Approximately 40 property owners and other stakeholders attended these meetings.
- A survey was sent to all property owners within the district and surveys were also administered in one-on-one visits by Unity Council staff.

The following summarizes the survey results of commercial property owners:

- 72% support guard/security services
- 63% support Ambassador services
- 71% support regular sidewalk and gutter sweeping services
- 60% support hot water pressure washing of grime and gum from the sidewalks
- 75% support graffiti abatement services
- 65% support marketing and promotions campaigns to bring new business and attract new tenants to the Fruitvale district
- 70% support special events to improve the identity of the Fruitvale district

The following is a description of the services that will be provided through the renewed BID:

In both Zone 1 and Zone 2:

- Regular sidewalk and gutter sweeping (approximately 160 hours per week)
- Graffiti abatement
- Removal of flyers, handbills, etc.

In Zone 1 only:

- Sidewalk pressure washing (a minimum of one time per year)
- Guard/safety patrol (approximately four hours per day, six days per week)
- Marketing and promotion
- Advocacy, outreach, and fundraising

The annual first year budget will be \$ 324,713.00.

Special Benefits Services Category	Percentage of Overall Budget	Estimated First Year Budget
Cleaning	52%	\$ 168,851.00
Safety (Zone 1 only)	12%	\$ 38,965.00
Commercial Marketing and Advocacy (Zone 1 only)	29%	\$ 94,167.00
Fees to City & County and contingency for uncollectible assessments*	7%	\$ 22,730.00
Total	100%	\$ 324,713.00

Note that the Unity Council is required to pay \$6,000 annually to the City to pay back the establishment costs for the renewed BID.

Administration

The PBID management structure will include the Unity Council as the public benefit non-profit management corporation, working in conjunction with a PBID Advisory Board and a representative Fruitvale PBID Working Group.

The day-to-day operations of the renewed Fruitvale PBID will be administered by the Unity Council (Section 4.48.160 Oakland Municipal Code), which will work with the Advisory Board and existing committees of business and property owners, including the PBID Working Group, and other stakeholders to ensure that the day-to-day operations and services in the PBID are tailored to the needs of the district. The business and property owners shall provide input on budget priorities from year to year and troubleshoot any problems that might arise in the administration of the district.

The Oakland enabling ordinance states:

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

Members of the proposed Advisory Board will be recommended by the Unity Council and the PBID Working Group. The Advisory Board will be distinct from the management corporation. The management corporation

Board of Directors shall make recommendations to the Advisory Board, who in turn shall adopt an annual service plan, including budgets and monitor the service delivery, as presented. The Advisory Board shall meet at least once per year to advise the City Council and to prepare and submit an annual report regarding activities within the district.

The PBID Working Group shall be established during the first year of the renewed district and shall give regular input on the delivery of special benefit services in the district. The Working Group shall consist of business and property owners interested in giving such input. This group shall be as inclusive as possible.

The Unity Council, Advisory Board and Working Group will include large and small property owners, representatives from each land use, as well as business tenants based in the district in all opportunities to provide input.

The Unity Council, Advisory Board and PBID Working Group shall aim to meet the following operational objectives for the Fruitvale PBID:

- Create and manage programs that best respond to the top priorities of Fruitvale PBID property owners;
- Maximize coordination with the City government to avoid duplication of services and to leverage resources;
- Deliver services through a cost-effective, non-bureaucratic, and easy to access organizational structure;
- Provide accountability and responsiveness to those who pay into the district.

Establishment Process

The district is established pursuant to and in accordance with the local enabling ordinance, as well as assessment mail ballot procedures as laid out in the 218 Omnibus Act of 1998. A petition representing 30% of those who will pay into the district by weight was submitted to the City in early April, triggering the mail ballot procedure. Once the ballots are mailed out, the district is established if the weighted majority of return ballots endorse the district's formation.

Under the renewed district, the first assessments will be collected in the 2006-07 property tax cycle, with the first installments due in December 2006. The district would commence operations January 1, 2007 and expire on December 31, 2011.

Annual Adjustments

The Advisory Board (discussed below) will be given the option to increase the assessments annually based upon the Alameda County regional CPI indicator or by an amount not to exceed 5% from the previous year's assessments. Any increase shall be approved by the Oakland City Council before taking effect.

The Unity Council shall have the right to shift allocations within the four categories based on changing needs within the district and as long as the budget remains consistent with the intent and spirit of the plan.

The Advisory Board shall also have the right to shift up to 10% per year from category to category, each year, as needs change within the district.

Time and Manner of Collecting the Assessments

As provided by local ordinance, the Fruitvale Property Business Improvement District of 2006 will appear as a separate line item on the annual property tax bills prepared by the Alameda County tax collector. Property tax bills are generally distributed in the Fall and payment is expected by lump sum or in two installments. The County tax assessor shall disburse the assessments collected to the City of Oakland which will in turn then forward them to the Unity Council. Existing laws for enforcement and appeal of property taxes apply to the Management District assessments.

Baseline Services

Throughout the process of renewing the Fruitvale PBID, business and property owners have voiced concerns that the City of Oakland maintain existing services at verifiable "baseline" service levels. A formal base level of services policy will be adopted to ensure that existing City Services are enhanced, not replaced by the new PBID services.

This policy allows for adjustments in the baseline services provided by the City of Oakland commensurate with changes in the City's overall financial condition. Citywide service reductions can trigger a proportionate reduction in baseline levels of service within a business improvement district.

Proposed Rules and Regulations to be Applicable in the District

Pursuant to the Business Improvement Maintenance District Ordinance of the City of Oakland, a Management District may establish rules and regulations that uniquely apply to the district. The following rules and regulations will be employed in the administration of the district.

Competitive Bidding:

The Unity Council will use a competitive bidding process to secure any contracted services for the Fruitvale PBID.

Conflict of Interest:

Any member of the Advisory Board or of the Board of Directors of the Unity Council shall recuse him or herself 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 contractors.

Open Meetings::

Meetings of the Advisory Board and of the Board of Directors of the Unity Council shall be open to all property owners paying into the district as well as the general public according to the Ralph M. Brown Act and any other applicable legislation. All BID-related reports shall be available for review by any property owner in the district.

Engineer's Report

New City America has contracted with Ed Henning and Associates to compile the required engineer's report under the guidelines of Proposition 218, Article XIII D of the California State Constitution.

In preparing the engineer's report for the *Fruitvale PBID Management District Plan*, the engineer concluded that the special benefit to each parcel in the various benefit zones as well as residential exemptions was found to be proportional to the property variable and their apportionment.

The Engineer's report for the PBID is provided in the Appendix.

IV. CONCLUSION: THE NEED FOR THE BID

It is best when community dollars stay in the community. The purpose of the BID is to keep local dollars in the community, attract commerce from outside of the district, beautify the neighborhood, and fund special benefit services which are not and will not be funded by the City of Oakland.

Similar districts are currently functioning in the Rockridge, Montclair, Temescal, Lakeshore, and Laurel business districts. These districts have noted that, because they have organized into BIDs, they are able to secure a greater level of services from the City. This is due to the fact that they have management staff that is in constant contact with City departments to ensure that the City is providing its committed level of general services.

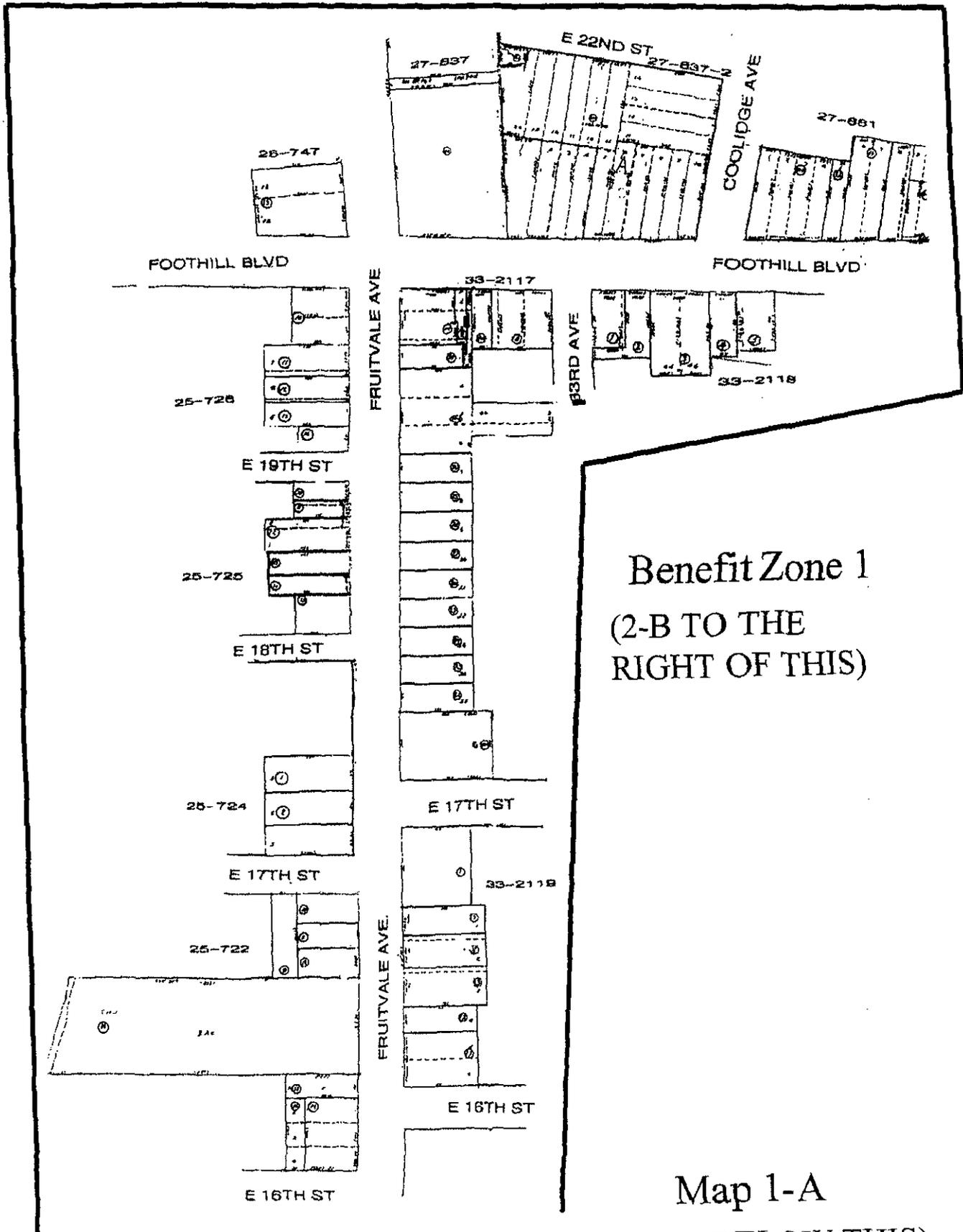
The BID is needed to prevent the loss of all of the accomplishments that have been achieved to date and to continue to build on those accomplishments.

APPENDICES

1. MAP OF THE DISTRICT
2. ADDRESS SERIES FOR PROPERTIES WITHIN THE DISTRICT
3. ENGINEER'S REPORT
4. FIVE-YEAR PROJECTION OF ASSESSMENTS AND FUNDING CATEGORIES
5. LIST OF PARCELS TO BE ASSESSED

MAP OF THE FRUITVALE
PROPERTY BUSINESS IMPROVEMENT DISTRICT

MAY 2006



Benefit Zone 1
 (2-B TO THE
 RIGHT OF THIS)

(1-B ATTACH BELOW THIS)

EAST 16TH

25-721

Benefit Zone 1

Map 1-B

(1-C TO THE RIGHT OF THIS)

EAST 15TH

FRUITVALE AVE.

33-2121

FARNAM

33-2123

33-2123-2

31ST AVE.

25-689

EAST 14TH ST.

33-2195

FRUITVALE AVE.

33-2194

773

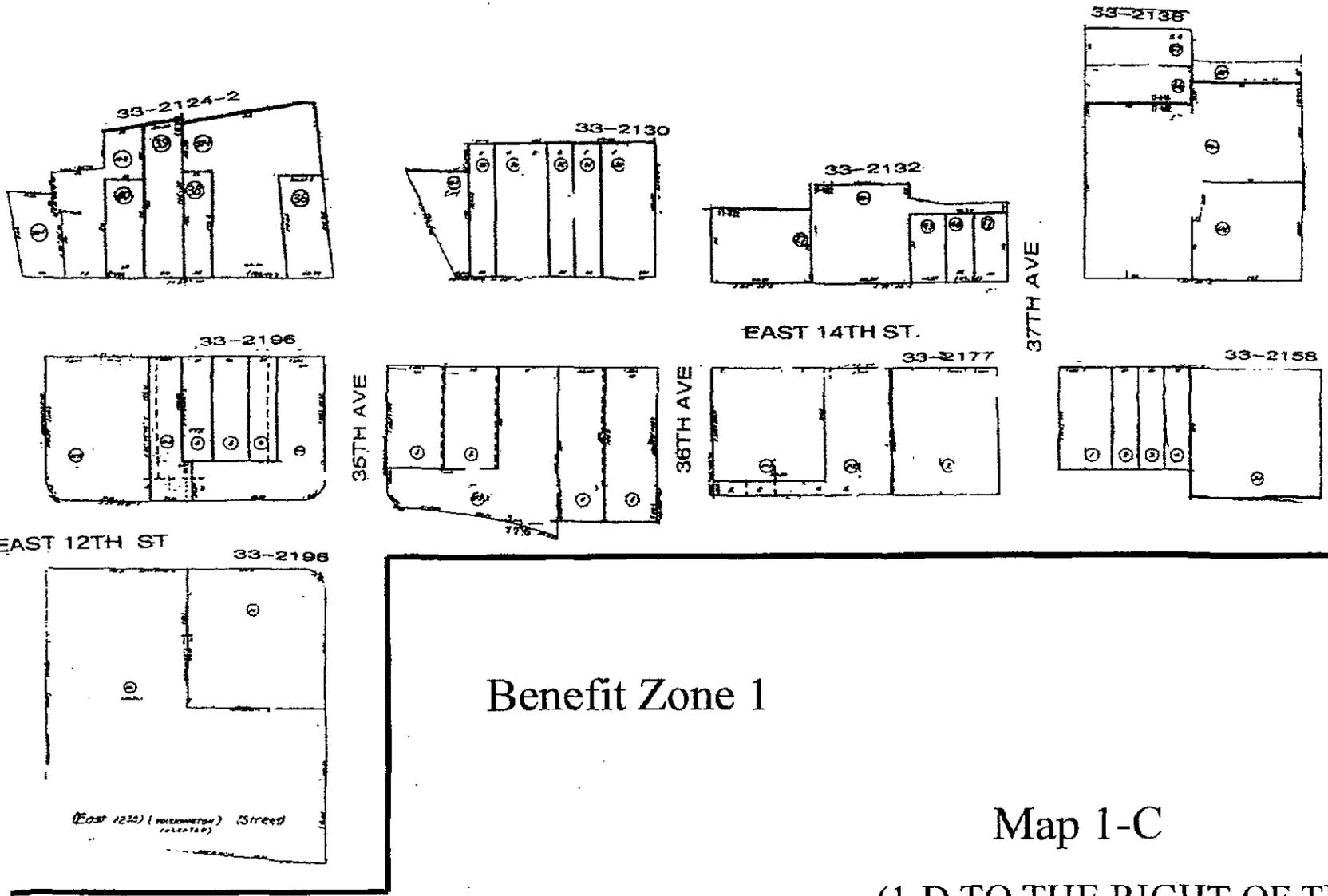
33RD AVE.

33-2195

(2-A TO THE LEFT OF THIS)

EAST 12TH ST

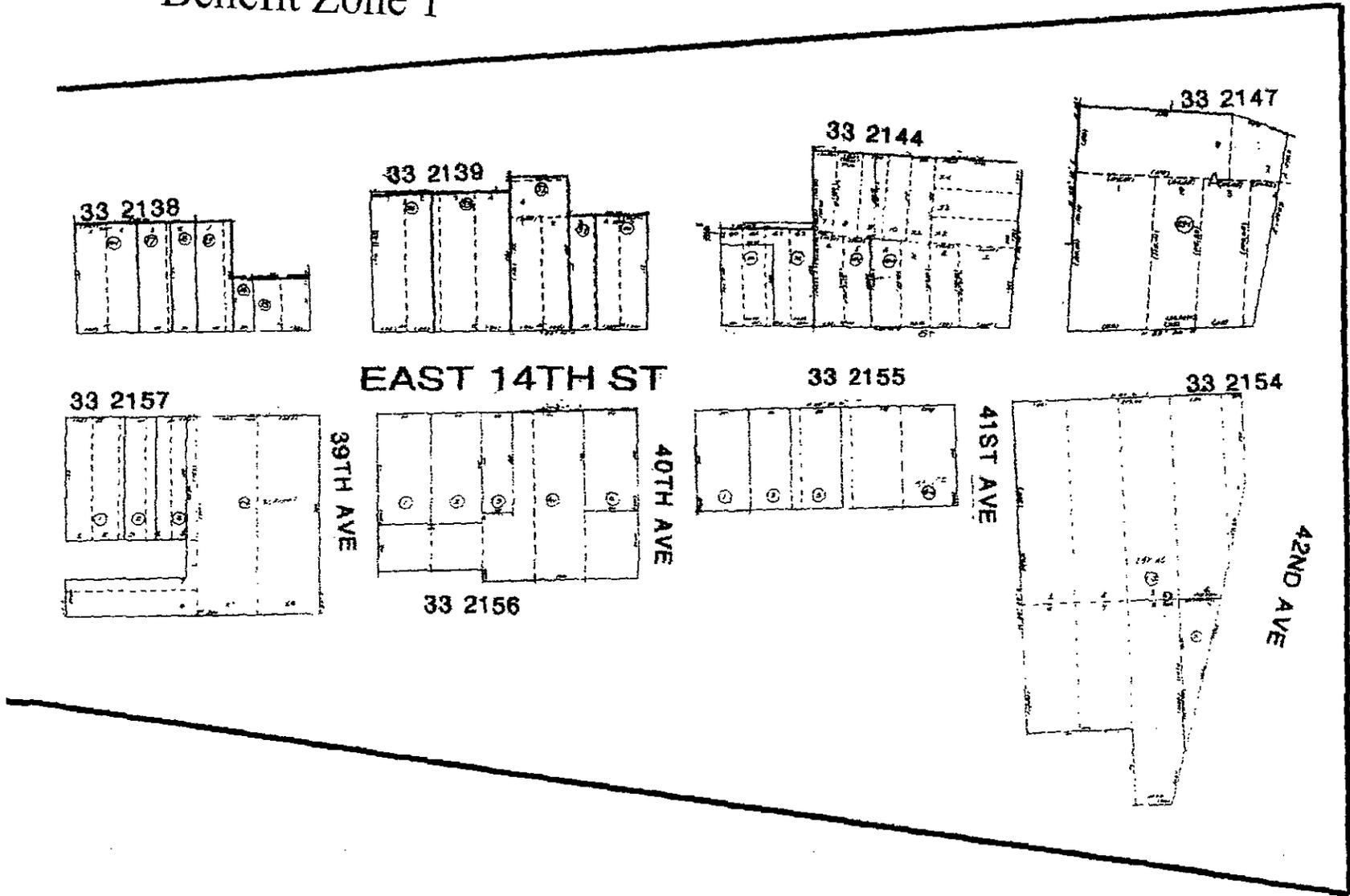
(Washington (12th) Street)



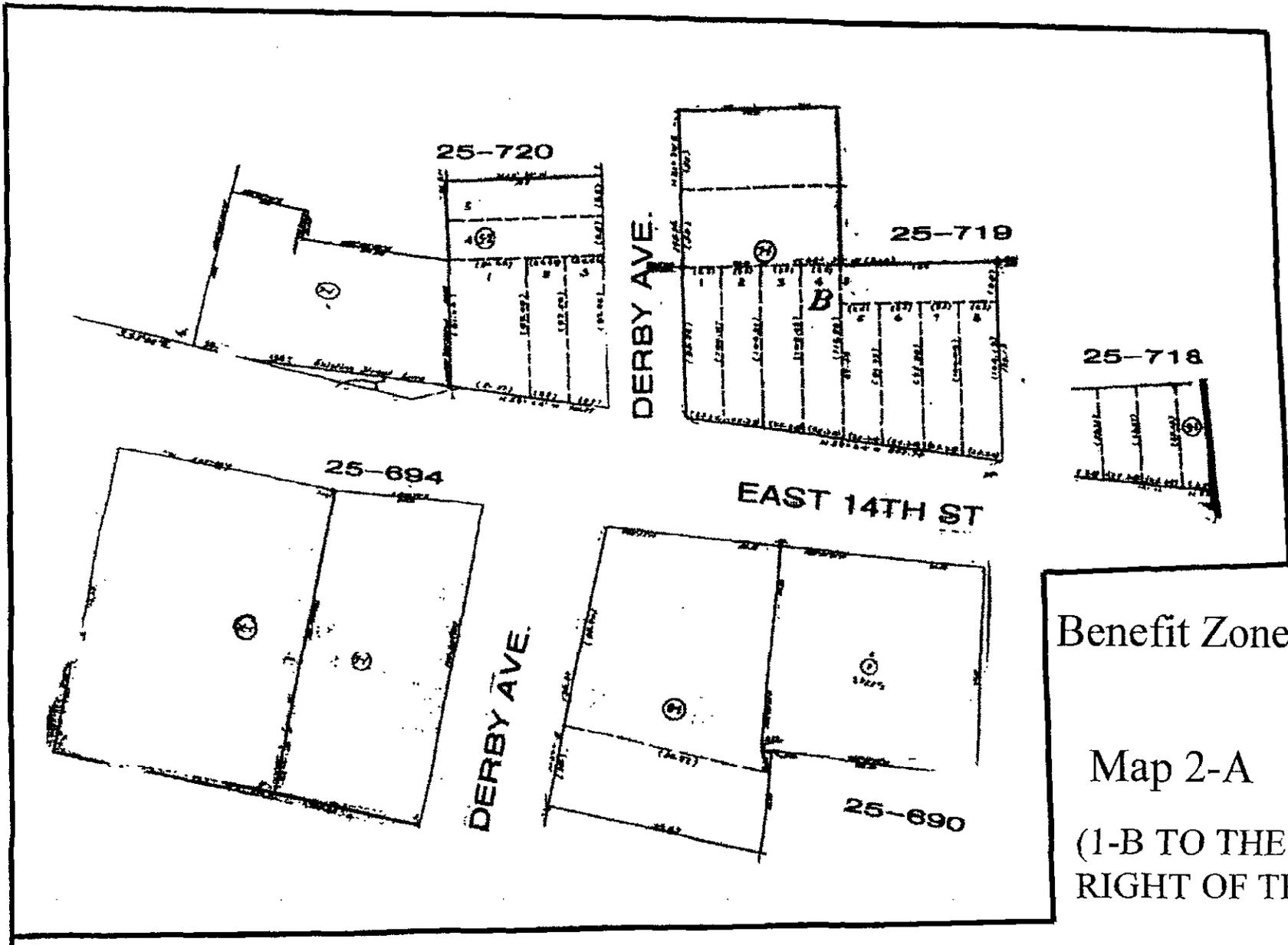
Map 1-C

(1-D TO THE RIGHT OF THIS)

Benefit Zone 1



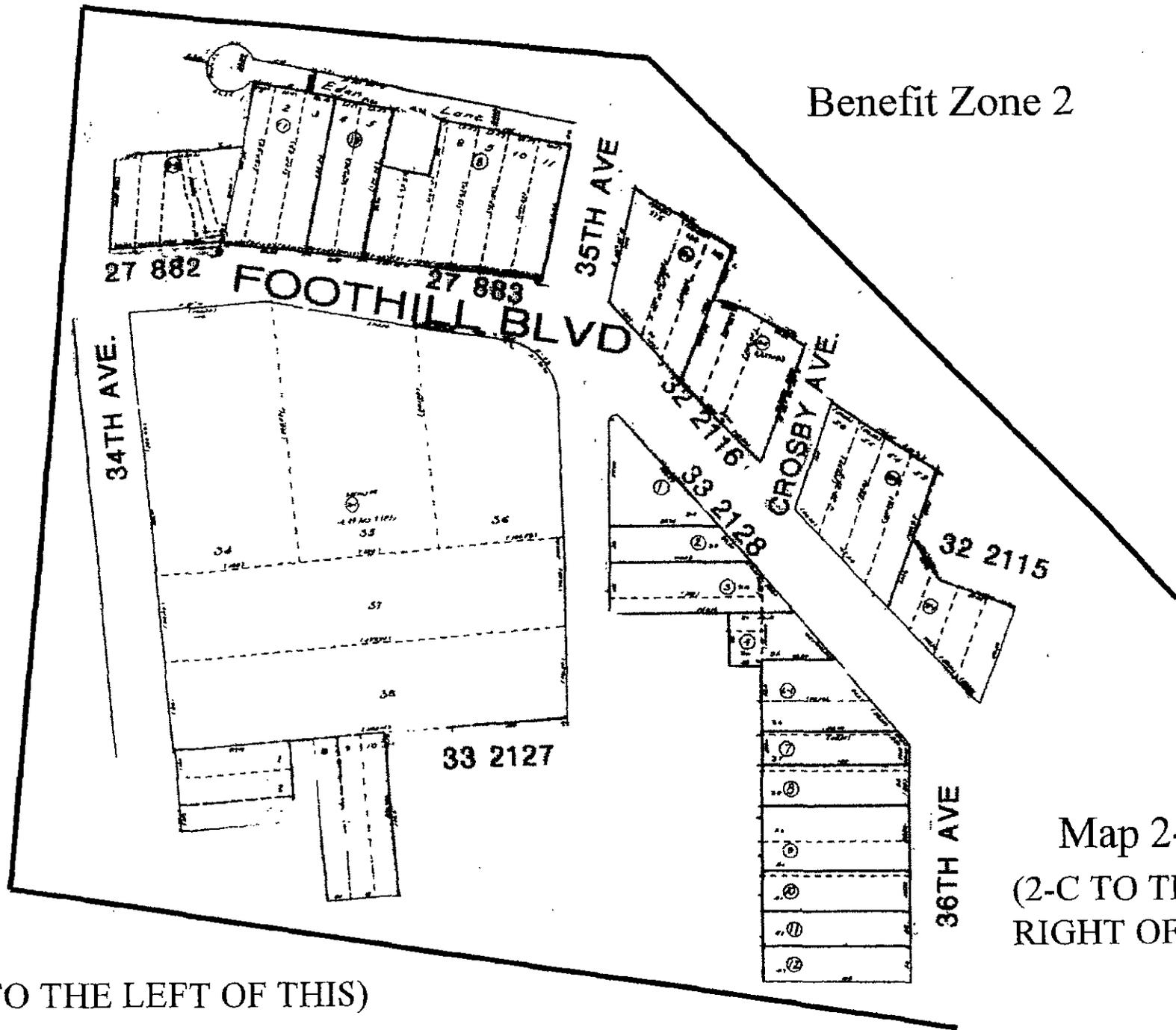
Map 1-D



Benefit Zone 2

Map 2-A

(1-B TO THE RIGHT OF THIS)

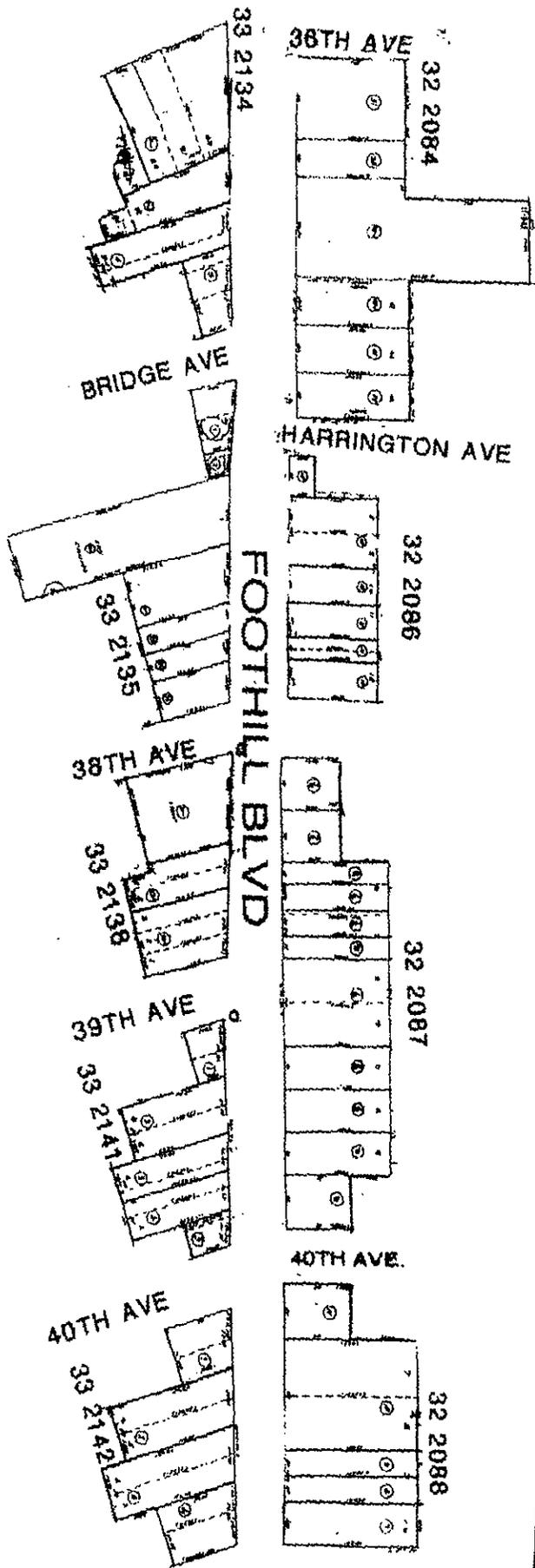


Benefit Zone 2

Map 2-B
(2-C TO THE
RIGHT OF THIS)

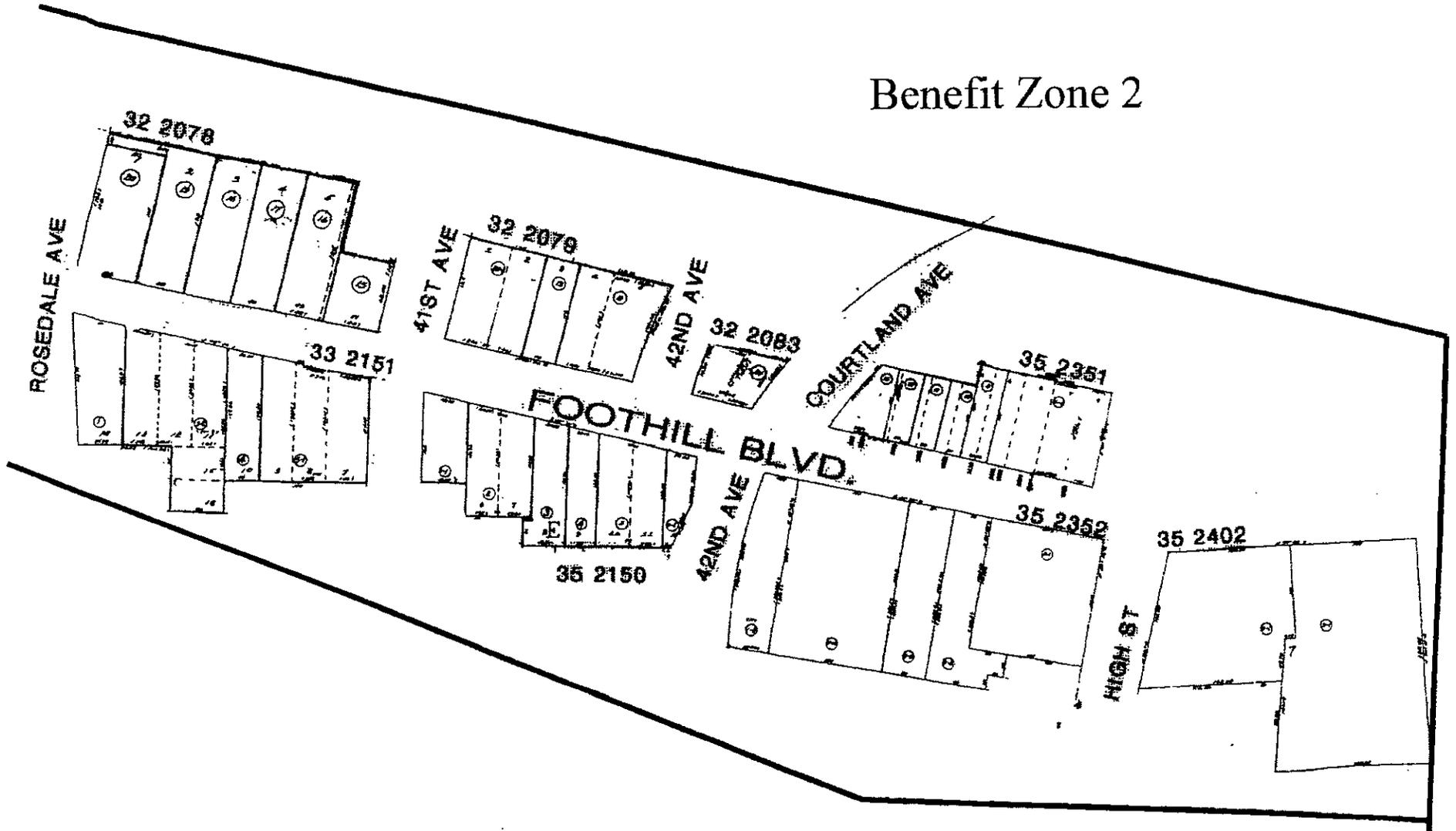
(1-A TO THE LEFT OF THIS)

Benefit Zone 2



Map 2-C
(2-D TO THE RIGHT OF THIS)

Benefit Zone 2



Map 2-D

ADDRESS SERIES FOR THE PROPERTIES WITHIN THE DISTRICT

E. 12 TH ST.	3301 - 3401
16 TH ST	3038
30 TH AVE.	1301
33 RD AVE.	1232
34 TH AVE.	TRANSIT VILLAGE
35 TH AVE.	1242, 1750
36 TH AVE.	1783
38 TH AVE.	1915
39 TH AVE.	1898
41 ST AVE.	1838 - 1901
BRIDGE AVE.	1843
COURTLAND AVE.	1918
FOOTHILL BLVD.	3221 - 4280
FRUITVALE AVE.	1204 - 2026
HARRINGTON AVE.	1911
INTERNATIONAL BLVD.	2900 - 4129
ROSEDALE AVE.	1909

Edward Henning & Associates

URBAN REVITALIZATION • FUNDING

Fruitvale Property Business Improvement District of 2006

CITY OF OAKLAND - CALIFORNIA

DISTRICT ASSESSMENT ENGINEER'S REPORT

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

May 2, 2006

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 Fruitvale Property Business Improvement District of 2006 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

Edward V. Henning RPE #26549 May 2, 2006

Edward V. Henning

Date

Introduction

This report shall serve as the "detailed engineer's report" required by Section 4(b) of Article XIID of the California Constitution (Proposition 218) to support the benefit property assessments proposed to be levied within the Fruitvale Property Business Improvement District (Fruitvale PBID) in the City of Oakland, California being re-established for a five year period. The discussion and analysis contained within constitutes the required "nexus" of rationale between assessment amounts levied and special benefits derived by properties within the Fruitvale PBID.

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

Background

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

The method used to determine 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 Fruitvale PBID, the benefit unit may be measured in linear feet of primary street frontage or parcel size in square feet or building size in square feet or number of building floors or proximity to major corridors in average linear feet, or any combination of these factors. Quantity takeoffs for each parcel are then measured or otherwise ascertained. From these figures, the amount of benefit units to be assigned to each property can be calculated. Special circumstances such as unique geography, land uses, development constraints etc. are carefully reviewed relative to specific programs and improvements to be funded by the PBID in order to determine any levels of diminished benefit which may apply on a parcel by parcel or categorical basis.

Based on the factors described above such as geography and nature of programs and activities proposed, an assessment formula is developed which is derived from a singular or composite basic benefit unit factor or factors. Within the assessment formula, different factors may be assigned different "weights" or percentage of values.

Next, all program and activity costs, including incidental costs, district administration, ancillary programs, and volunteer and comped resource and material credits are estimated. It is noted, as stipulated in Proposition 218, and now required of all property based assessment districts, indirect and general benefits may not be incorporated into the assessment formula and levied on the district properties; only direct or "special" benefits and costs may be considered. Indirect or general benefit costs must be calculated and factored out of the assessment cost basis to produce a "net" cost figure. In addition, Proposition 218 no longer exempts government owned property from paying benefit assessments and these properties must be factored into the assessment roll if special benefit is determined to be

conferred upon such properties.

From this, the value of a basic benefit unit or "basic net unit cost" can be computed by dividing the total amount of estimated net program costs by the total number of benefit units. The amount of assessment for each parcel can be computed at this time by multiplying the Net Unit Cost times the number of Basic Benefit Units per parcel. This is known as "spreading the assessment" or the "assessment spread" in that all costs are allocated proportionally or "spread" amongst all properties within the 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 Fruitvale PBID. These requirements are in addition to requirements imposed by State and local assessment enabling laws. These requirements were "chapters" into law as Article XIID of the California Constitution and then further clarified by the Proposition 218 Omnibus Legislation in 1997 chapters in section 53750 et seq of the California Government Code.

Since Prop 218 provisions will affect all subsequent calculations to be made in laying out the final property assessment roll for the Fruitvale PBID, Prop 218 requirements will be taken into account first. The key provisions of Prop 218 along with a description of how the Fruitvale PBID complies with each of these provisions is delineated below.

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

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

There are 258 "identified" individual parcels within the Fruitvale PBID which will all derive some level of special benefit from the proposed District programs and activities. These parcels are shown on the Boundary Map within the Management District Plan and are listed as an attachment to the Plan - identified by assessor parcel number. Two benefit zones have been identified within the District which generally includes all properties along Fruitvale Ave from East 12th St to Foothill Blvd; Foothill Blvd from Fruitvale Ave to High St; International Blvd from 29th Ave to 42nd Ave; and, East 12th St from 33rd Ave to 35th Ave.

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

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

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

The vast majority of PBIDs in California have used Method #3, the composite district overlay determinant method which will be used for the Fruitvale PBID. Using empirical data from other PBIDs, a focused range for general benefits from 2-8% is used. Based on a composite of district criteria such as the shape of the Fruitvale PBID, the existence of two benefit zones, a single element assessment formula, the proximity all of district properties to the applicable program benefit zones, and the nature of the proposed programs and activities, a specific “overlay” value of 5% is assigned to the general benefit portion of the total adjusted costs. This leaves a value of 95% assigned to special benefit related costs. Since the total program cost is estimated at \$364,684 (see Table 1 later in this Report), the maximum special benefit portion which can be recouped through property assessments, is \$346,450. Remaining costs which are attributed to general benefits, will need to be derived from other sources. (e.g. public/private matching grants, startup grants, startup volunteer credits or ongoing board member volunteer credits).

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

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

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

Not only are the proposed program costs reasonable due to the benefit of group purchasing and contracting which would be possible through the Fruitvale PBID, they are also considerably less than other options considered by groups like the Fruitvale PBID Renewal Committee.

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

Any parcels within the District that are owned by public agencies would also be assessed at rates equivalent to private sector owned parcels, including non-profit owned properties. The “fair market value” of such public properties is identical to surrounding privately owned parcels and any increased values and benefits derived from PBID programs and services would be similar for either public or privately owned parcels, with or without improvements. Just as the costs and effects of blight are shared by both public and private properties, so are the rewards of clean and safe as well as district promotions and marketing programs. Since there is no compelling finding or evidence that such properties would receive no direct benefit from the proposed PBID programs and services than surrounding private parcels, the same assessment rates would be levied, except at the same rates as non-profit owned properties (i.e, \$0.08 per sq ft of land in both Benefit Zones 1 and 2.)

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

This report shall serve as the “detailed engineer’s report” to support the benefit property assessments proposed to be

levied within the Fruitvale PBID.

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

The individual and total parcel assessments attributable to special property benefits are shown on an attachment to the Management District Plan. The district and resultant assessment payments will continue for five years and may be renewed again at that time. The reasons (purposes) for the proposed assessments are outlined in the Management District Plan. The calculation basis of the proposed assessment for the PBID is attributed solely to the specific amount of property size.

Special Benefit and Assessment Analysis

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

PBID assessment formulas typically are based on either property street frontage or parcel and building size or location, all which can affect the amount of benefit conferred on a particular parcel and the proportionate assessment to be paid. The formula may base assessments on a single factor or a combination of factors.

Based on the nature of the program activities to be funded by the Fruitvale PBID, which relate to the proportionate amount of real estate (i.e. land) held in ownership it has been determined that the assessments for the PBID will be based proportionately on parcel size.

The “Basic Benefit Unit” will be expressed as a function of land square footage. Based on the shape of the Fruitvale PBID, as well as the nature of the District program elements, it is determined that two benefit zones exist in which identified properties will gain a direct, albeit, proportionate degree of benefit based on the respective amount of parcel size.

Step 2. Quantify Total Basic Benefit Units

Taking into account all identified benefiting properties, there are 40,589,125 Basic Benefit Units within the District. Zone 1 parcels are assigned approximately twice as many Benefit Units as Zone 2 parcels for each square foot of land. Likewise, non-profit owned land is assigned approximately half as many Benefit Units in Zone 1 as privately owned for profit owned parcels.

Step 3. Calculate Benefit Units for Each Property.

The number of Benefit Units for each identified benefiting parcel within the Fruitvale PBID was computed from data extracted from City of Oakland, Alameda County and third party real estate data services property and land use records. These data sources delineate current land uses, property areas and dimensions of record for each tax parcel. While it is understood that this data does not represent legal field survey measurements or detailed title search of recorded land subdivision maps or building records, it does provide an acceptable basis for the purpose of calculating property based assessments. All respective property data being used for assessment computations has been provided to each property owner in the PBID for their review. All known or reported discrepancies or errors have been corrected.

Step 4. Determine Assessment Formula

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

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

The Fruitvale PBID assessment is to be based on a single Basic Benefit Unit factor; land square footage within two Benefit Zones as follows:

Zone 1:

$$\text{Assessment} = [(\text{No. of Zone 1 Benefit Units} \times \text{Zone 1 Basic Unit Cost})]$$

Zone 2:

$$\text{Assessment} = [(\text{No. of Zone 2 Benefit Units} \times \text{Zone 2 Basic Unit Cost})]$$

Note: Non-profit owned properties are assessed at Zone 2 rates for both Zone 1 and 2. Properties with 1-4 residential units are exempt from assessments.

Step 5. Estimate Total Program and Activity Costs

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

TABLE 1

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

Program/Activity	Year 1	%
Cleaning	\$168,851	46%
Safety (Zone 1 Only)	\$38,965	11%
Commercial Marketing/Advocacy (Zone 1 Only)	\$94,167	26%
Fees/Contingency	\$22,730	6%
Misc Other Costs	\$39,971	11%
Total	\$364,684	100.00%

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

Total program and activity costs are estimated at \$364,684 (see Table 1 above). General benefits are factored at 5% of total (see Finding 2 on page 5 of this report) with special benefits set at 95%. Prop 218 limits the levy of property assessments to costs attributed to special benefits only. The 5% general benefit cost is computed to be \$18,234 with a resultant 95% special benefit limit computed at \$346,450. This is the maximum amount of revenue that can be derived from property assessments from the subject PBID. The total amount of revenue proposed to be derived from PBID assessments is \$324,713 for Year 1, which is less than the special benefit limit of \$346,450. Therefore, no Prop 218 adjustments need to be made to the proposed assessment formula. All program costs associated with general benefits will be derived from sources or credits other than PBID assessments as shown below in Table 2.

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

Funding Source	Subtotal Revenue	% of Total
PBID Assessments	\$324,713	89.0%
PBID Formation Pro-rated Credit/Year (\$25,000 base)	\$5,000	1.3%
PBID Formation Pro-Rated Volunteer Credit/Year (50% base)	\$2,500	0.7%
Annual Estimated Board/Volunteer Credit (10% base program costs)	\$32,471	9.0%
TOTAL ADJUSTED REVENUE	\$364,684	100.00%

Step 7. Calculate "Basic Unit Cost" (Special Benefits Only)

With a Year 1 budget of \$324,713 (special benefit only), the Basic Unit Costs for Zone 1 and 2 would be:

Basic Unit Zone 1 Cost = \$0.17/unit

Basic Unit Zone 2 Cost = \$0.08/unit

Note:

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

Step 8. Spread the Assessments

The resultant assessment spread calculations for each parcel within the PBID are shown in an attachment to the District Management Plan and were determined by applying the District assessment formula to each identified benefiting property. This list of all identified benefiting parcels in the PBID delineates each parcel and benefit units for property street frontage and parcel area.

EDWARD HENNING & ASSOCIATES

Edward Henning and Associates is a multi-disciplined consulting firm offering a diverse range of community development and funding services focusing on downtown business districts and the unique problems and opportunities associated with center city areas.

Types of services provided

- Business Improvement District (BID & PBID) Formations, Modifications, Expansions, Updates
- Prop 218 Assessment Engineering Analyses and Reports (Licensed Engineer)
- Downtown Revitalization Plans/Redevelopment Planning and Implementation
- Establish/Administer/Field Supervision for Rehabilitation Programs and Projects
- Architectural Design Guidelines/ Sign Ordinances

Partial list of agencies and clients represented

- Town of Apple Valley PBID Formation (Village)
- City of Berkeley BID Formation (Downtown)
- City of Buena Park BID Formation Analysis (Auto Row & Entertainment Corridor)
- City of Culver City BID Formation (Downtown)
- City of Huntington Park BID Formation (Pacific Blvd.)
- City of Huntington Beach BID Formation (Auto Row District)
- City of Los Angeles
 - Gateway to LAX PBID Formation & Renewal (Prop 218 Compliance)
 - Historic Downtown Core PBID Formation (Prop 218 Compliance)
 - Hollywood District PBID Formation (Prop 218 Compliance)
 - Melrose/Fairfax PBID Formation (Prop 218 Compliance)
 - Larchmont PBID Formation & Renewal
 - Los Feliz BID Formation
 - San Fernando Valley (8 areas) PBID Formation (Prop 218 Compliance)
 - San Vicente Private Sector PBID Formation
 - Wilshire Center Hybrid BID/PBID Formation & Expansion
- City of Monterey Park BID Modification (Downtown)
- City of Newport Beach BID Advising
- City of Ontario (Downtown) BID Modification
- City of Oxnard PBID Formation & Renewal (Downtown)
- City of Pasadena PBID Formation & Renewal (Playhouse District)
Citywide Tourist Improvement District (TID)
- Placer County (Tahoe City) PBID Formation (Downtown)
- City of San Francisco (Union Square) PBID Formation (Prop 218 Compliance)
- City of Vacaville BID Formation (Downtown)
Citywide Tourist Improvement District Evaluation (TID)
- City of Whittier BID Modification (Uptown)
- City of Yucaipa PBID Formation & Renewal (Uptown)

FIVE-YEAR PROJECTION OF ASSESSMENTS AND FUNDING CATEGORIES

(WITH ADJUSTMENTS MADE ASSUMING A MAXIMUM OF 5% ADJUSTMENT
FOR COST OF LIVING INCREASES)
2007 – 2011

Special Benefits Services Category	2007	5%	2008	5%	2009	5%	2010	5%	2011
Cleaning	\$168,851.00	\$8,442.55	\$177,293.55	\$8,864.68	\$186,158.23	\$9,307.91	\$195,466.14	\$9,773.31	\$205,239.45
Safety (Zone 1 only)	\$38,965.00	\$1,948.25	\$40,913.25	\$2,045.66	\$42,958.91	\$2,147.96	\$45,106.86	\$2,255.34	\$47,362.20
Commercial Marketing and Advocacy (Zone 1 only)	\$94,167.00	\$4,708.35	\$98,875.35	\$4,943.77	\$103,819.12	\$5,190.96	\$109,010.07	\$5,450.50	\$114,460.58
Fees to City & County and contingency for uncollectible assessments*	\$22,730.00	\$1,136.50	\$23,866.50	\$1,193.33	\$25,059.83	\$1,252.99	\$26,312.82	\$1,315.64	\$27,628.46
Total	\$324,713.00	\$16,235.65	\$340,948.65	\$17,047.43	\$357,996.08	\$17,899.80	\$375,895.89	\$18,794.79	\$394,690.68

LIST OF PARCELS TO BE ASSESSED

APN	ASSESSMENT	APN	ASSESSMENT	APN	ASSESSMENT
025-0689-001-01	\$ 4,636.41	027-0881-009-01	\$ 1,632.51	033-2117-025-00	\$ 509.60
025-0689-003-01	\$ 547.23	027-0881-011-00	\$ 1,166.37	033-2117-028-00	\$ 509.60
025-0689-004-00	\$ 458.83	027-0881-012-00	\$ 457.81	033-2117-031-02	\$ 1,528.80
025-0689-005-00	\$ 673.03	027-0881-013-03	\$ 1,987.13	033-2118-001-00	\$ 739.67
025-0690-008-01	\$ 994.48	027-0882-009-03	\$ 996.00	033-2118-002-00	\$ 856.29
025-0690-009-00	\$ 777.84	027-0883-008-00	\$ 1,299.68	033-2118-003-00	\$ 1,968.77
025-0694-003-01	\$ 1,266.48	027-0883-010-00	\$ 528.00	033-2118-004-00	\$ 616.59
025-0694-022-01	\$ 2,385.68	027-0883-011-00	\$ 732.00	033-2118-005-00	\$ 811.41
025-0695-021-01	\$ 3,744.00	032-2078-017-00	\$ 400.00	033-2119-001-00	\$ 988.80
025-0716-012-00	\$ 2,112.00	032-2078-020-00	\$ 460.00	033-2119-011-00	\$ 683.44
025-0716-013-00	\$ 320.00	032-2079-018-00	\$ 1,097.60	033-2119-012-00	\$ 337.36
025-0716-014-00	\$ 800.00	032-2079-020-01	\$ 900.00	033-2119-013-00	\$ 1,024.56
025-0718-003-00	\$ 850.00	032-2083-024-00	\$ 466.40	033-2119-014-00	\$ 488.00
025-0718-004-01	\$ 575.45	032-2084-046-00	\$ 509.84	033-2119-015-00	\$ 390.48
025-0718-004-02	\$ 697.00	032-2084-047-00	\$ 519.20	033-2121-001-00	\$ 1,672.00
025-0718-005-00	\$ 850.00	032-2084-048-01	\$ 496.00	033-2121-022-00	\$ 1,887.00
025-0718-007-00	\$ 787.61	032-2084-049-01	\$ 2,100.40	033-2121-023-00	\$ 870.00
025-0718-008-01	\$ 1,549.55	032-2084-050-00	\$ 399.84	033-2121-024-02	\$ 1,083.75
025-0718-009-01	\$ 510.96	032-2084-051-00	\$ 850.00	033-2121-025-01	\$ 900.00
025-0718-014-01	\$ 2,548.30	032-2086-010-00	\$ 520.00	033-2121-026-00	\$ 540.00
025-0719-007-01	\$ 2,601.36	032-2086-011-00	\$ 314.56	033-2121-028-00	\$ 896.00
025-0720-005-02	\$ 1,114.80	032-2086-012-00	\$ 525.20	033-2121-029-00	\$ 960.00
025-0720-007-01	\$ 1,064.00	032-2086-013-00	\$ 525.60	033-2121-030-00	\$ 540.00
025-0721-011-00	\$ 327.60	032-2086-014-00	\$ 1,052.80	033-2121-031-00	\$ 900.56
025-0721-012-01	\$ 697.68	032-2086-015-00	\$ 182.96	033-2123-001-00	\$ 510.00
025-0721-014-00	\$ 428.08	032-2087-018-00	\$ 384.00	033-2123-002-00	\$ 3,740.00
025-0721-015-00	\$ 428.08	032-2087-020-02	\$ 516.16	033-2123-003-00	\$ 1,347.59
025-0721-017-01	\$ 699.44	032-2087-021-01	\$ 1,035.52	033-2123-004-00	\$ 1,149.03
025-0722-010-00	\$ 380.00	032-2087-023-00	\$ 259.28	033-2123-005-00	\$ 425.00
025-0722-011-00	\$ 384.00	032-2087-024-01	\$ 311.36	033-2123-006-00	\$ 741.84
025-0722-012-00	\$ 360.00	032-2087-025-01	\$ 311.68	033-2123-008-00	\$ 568.31
025-0722-013-00	\$ 376.00	032-2087-027-03	\$ 336.00	033-2123-009-00	\$ 901.00
025-0722-014-00	\$ 824.00	032-2087-027-04	\$ 337.44	033-2123-011-01	\$ 1,553.97
025-0722-026-00	\$ 6,674.00	032-2088-007-00	\$ 427.68	033-2123-012-00	\$ 1,521.50
025-0724-001-00	\$ 520.00	032-2088-010-00	\$ 1,020.56	033-2123-016-03	\$ 3,485.00
025-0724-002-00	\$ 520.00	032-2088-011-00	\$ 256.00	033-2123-017-01	\$ 555.39
025-0725-012-00	\$ 744.00	032-2115-037-01	\$ 523.28	033-2123-018-00	\$ 562.19
025-0725-013-00	\$ 440.80	032-2115-038-01	\$ 951.44	033-2123-020-01	\$ 2,034.73
025-0726-010-00	\$ 1,715.30	032-2116-011-02	\$ 658.96	033-2124-036-00	\$ 667.59
025-0726-011-00	\$ 1,530.00	032-2116-013-01	\$ 737.52	033-2124-037-01	\$ 2,074.00
025-0726-012-00	\$ 1,147.50	033-2117-001-01	\$ 1,615.00	033-2124-038-00	\$ 425.00
025-0726-014-00	\$ 360.00	033-2117-003-00	\$ 320.11	033-2124-039-00	\$ 795.43
026-0747-013-00	\$ 1,576.41	033-2117-004-01	\$ 733.21	033-2124-040-00	\$ 489.60
027-0837-012-01	\$ 5,325.59	033-2117-005-00	\$ 1,757.29	033-2124-041-03	\$ 731.00
027-0837-024-01	\$ 11,476.23	033-2117-020-01	\$ 1,584.00	033-2124-042-01	\$ 599.93

033-2127-015-01	\$ 6,400.00	033-2144-050-00	\$ 1,228.25	033-2194-035-00	\$ 1,029.69
033-2128-001-00	\$ 400.96	033-2144-051-00	\$ 1,015.75	033-2194-036-01	\$ 2,511.07
033-2128-003-00	\$ 479.20	033-2147-023-01	\$ 3,843.70	033-2195-001-00	\$ 892.50
033-2128-004-00	\$ 230.96	033-2150-001-01	\$ 500.48	033-2195-002-00	\$ 230.00
033-2128-006-01	\$ 436.80	033-2150-002-00	\$ 653.20	033-2195-003-00	\$ 977.50
033-2130-030-00	\$ 1,071.17	033-2150-003-00	\$ 397.92	033-2195-004-00	\$ 977.50
033-2130-031-00	\$ 535.50	033-2150-005-00	\$ 648.24	033-2195-005-00	\$ 690.00
033-2130-032-00	\$ 535.67	033-2150-006-02	\$ 243.36	033-2195-006-03	\$ 405.60
033-2130-033-00	\$ 1,071.17	033-2151-001-00	\$ 538.32	033-2195-025-00	\$ 2,271.37
033-2130-034-00	\$ 535.67	033-2151-003-02	\$ 1,349.12	033-2195-026-00	\$ 13,356.39
033-2130-035-02	\$ 646.00	033-2151-004-00	\$ 401.52	033-2196-003-02	\$ 741.03
033-2132-027-00	\$ 1,748.11	033-2151-005-01	\$ 1,167.12	033-2196-004-00	\$ 476.00
033-2132-047-00	\$ 544.00	033-2154-001-03	\$ 10,885.61	033-2196-005-00	\$ 544.00
033-2132-048-00	\$ 435.20	033-2155-001-00	\$ 850.00	033-2196-006-00	\$ 425.00
033-2132-049-00	\$ 547.40	033-2155-002-00	\$ 680.00	033-2196-007-01	\$ 1,530.51
033-2132-050-01	\$ 2,581.79	033-2155-003-00	\$ 850.00	033-2196-021-05	\$ 2,341.07
033-2134-002-01	\$ 966.96	033-2155-006-04	\$ 1,870.00	033-2196-024-00	\$ 1,299.60
033-2135-001-00	\$ 291.12	033-2156-001-00	\$ 935.00	033-2196-025-00	\$ 8,837.11
033-2135-002-00	\$ 82.00	033-2156-002-00	\$ 935.00	033-2197-001-00	\$ 884.00
033-2135-026-02	\$ 3,937.76	033-2156-003-00	\$ 510.00	033-2197-002-00	\$ 850.00
033-2135-028-01	\$ 1,574.96	033-2156-004-01	\$ 3,705.83	033-2197-004-00	\$ 1,083.75
033-2135-030-00	\$ 648.00	033-2156-006-00	\$ 850.00	033-2197-005-00	\$ 1,221.11
033-2135-031-00	\$ 736.00	033-2157-001-00	\$ 1,168.75	033-2197-015-03	\$ 2,412.30
033-2136-061-02	\$ 2,440.35	033-2157-002-00	\$ 637.50	035-2351-005-02	\$ 1,481.44
033-2136-065-01	\$ 3,325.68	033-2157-003-00	\$ 637.50	035-2351-013-00	\$ 440.00
033-2138-013-00	\$ 833.00	033-2157-004-04	\$ 5,323.21	035-2352-001-02	\$ 861.12
033-2138-014-00	\$ 297.50	033-2158-001-00	\$ 850.00	035-2352-002-04	\$ 2,808.00
033-2138-015-00	\$ 1,071.00	033-2158-002-00	\$ 425.00	035-2352-006-03	\$ 1,088.00
033-2138-016-00	\$ 714.00	033-2158-003-00	\$ 425.00	035-2352-008-01	\$ 2,080.00
033-2138-017-00	\$ 952.00	033-2158-004-00	\$ 425.00		
033-2138-018-01	\$ 1,666.00	033-2158-005-01	\$ 2,656.25		
033-2138-051-01	\$ 640.00	033-2177-001-01	\$ 1,869.15		
033-2138-053-01	\$ 487.52	033-2177-001-02	\$ 1,445.00		
033-2138-056-01	\$ 668.64	033-2177-002-00	\$ 2,107.49		
033-2139-030-00	\$ 984.30	033-2194-001-00	\$ 664.87		
033-2139-031-00	\$ 508.30	033-2194-002-08	\$ 140.25		
033-2139-032-00	\$ 1,454.01	033-2194-006-05	\$ 6,319.75		
033-2139-033-00	\$ 1,832.60	033-2194-006-06	\$ 470.90		
033-2139-034-00	\$ 1,428.00	033-2194-009-00	\$ 379.10		
033-2141-002-00	\$ 410.40	033-2194-010-00	\$ 850.00		
033-2141-005-00	\$ 105.60	033-2194-026-02	\$ 408.00		
033-2142-001-00	\$ 249.52	033-2194-027-00	\$ 461.55		
033-2142-002-00	\$ 492.96	033-2194-028-00	\$ 483.65		
033-2142-003-00	\$ 562.40	033-2194-029-00	\$ 501.50		
033-2142-004-00	\$ 336.80	033-2194-030-00	\$ 433.50		
033-2144-049-02	\$ 2,637.55	033-2194-033-00	\$ 489.60		
033-2144-049-04	\$ 5,715.91	033-2194-034-00	\$ 507.79		