



Office of the City Manager

PUBLIC HEARING  
June 16, 2020

To: Honorable Mayor and Members of the City Council  
 From: Dee Williams-Ridley, City Manager  
 Submitted by: Jordan Klein, Manager, Office of Economic Development  
 Subject: Re-Establishment of the North Shattuck Business Improvement District

### RECOMMENDATION

1. Conduct a public hearing on the re-establishment of the North Shattuck Business Improvement District (NSBID or “the District”).
2. Upon conclusion if no majority protest exists after tabulation of assessment ballots, adopt two Resolutions:
  - a. Re-establishing the NSBID for the ten-year period beginning July 1, 2020 and ending June 30, 2030, and levying assessments on properties within the District for fiscal year 2021.
  - b. Authorizing the City Manager to execute a sole source contract and any amendments with the North Shattuck Association (NSA or “the Association”) not to exceed \$2,652,778.15 of NSBID funds to support the North Shattuck area for the period July 1, 2020 to June 30, 2030 (FYs 21-30), through the expiration of the NSBID.

### SUMMARY

The NSBID provides cleaning, hospitality and marketing services for Berkeley’s North Shattuck commercial district. The term of the current NSBID assessment district is set to expire on June 30, 2020. The new term for the District would be for ten years beginning July 1, 2020 and ending June 30, 2030. This Council item is the final step in the process to re-establish the NSBID for a third ten year period.

### FISCAL IMPACTS OF RECOMMENDATION

If the NSBID is reauthorized, Alameda County will collect for the City an assessment on commercial properties in the North Shattuck Business District in Fiscal Year 2021 and nine subsequent fiscal years through 2030. The proposed initial assessment is \$210,364, and this amount may increase by up to five (5) percent per year during the duration of the renewed District. Annual assessment funds will be deposited into NSBID Fund 785-21-208-251-0000-000-000-412110 and expended from fund 785-21-208-251-0000-000-446-636110. The City receives this revenue from Alameda County and disburses it to a private non-profit organization that was formed to manage the services

provided by the NSBID, the North Shattuck Association. The Association Board would have the authority to raise assessment as much as five percent per year to keep pace with inflation and other program costs.

The City of Berkeley owns no property in the District and will therefore not be assessed through this assessment district.

As described in the Management District Plan in Attachment 1, Exhibit A, the NSBID finances maintenance and a variety of marketing activities for the North Shattuck business district. It therefore indirectly enhances sales tax, business license tax, property tax and other business-related City revenue sources.

#### CURRENT SITUATION AND ITS EFFECTS

The NSBID was first established for a ten year period by Resolution of the Berkeley City Council on July 10, 2001 (Resolution No. 61,168-N.S.) after a formal balloting of district property owners was successfully completed. The City then contracted with the Association to implement the NSBID Management District Plan that had been developed by a steering committee of merchants and property owners. The district successfully renewed for a second ten year period on May 3, 2011 (Resolution No. 65,265-N.S), and this represents its third renewal since inception.

In January of 2020, the NSA presented the City with petitions to renew the NSBID representing a weighted approval of greater than 30% of the total assessment. The weighted petitions and ownership were verified as valid by the City of Berkeley Finance Department on January 23, 2020 and certified by the City Clerk on February 12, 2020. The method and basis for each parcel's assessment is detailed on pages 18 and 19 of the attached Management District Plan, Engineer's Assessment Report (Attachment 1, Exhibit A). On April 14, 2020, Council adopted a Resolution of Intent to re-establish the NSBID for the new ten year term, and directed staff to schedule a public hearing for June 16, 2020. The City Clerk's office has mailed ballots to all prospective assessees.

The current item completes the renewal of the NSBID for the period FY 2021-2030, following procedures established in State BID authorizing legislation (Property and Business Improvement District Law of 1994, Streets and Highways Code, Section 36600 et. seq.) and implementing legislation that the City approved under its own Charter authority (Berkeley Municipal Code Chapters 7.84 and 7.94). Upon conclusion if no majority protest exists after tabulation of assessment ballots, Council may consider adoption of Resolutions to re-establish the NSBID District and to authorize the City Manager to enter into a contract with the NSA to implement the NSBID's Management District Plan.

Property owners decided to pursue renewal of the NSBID in order to maintain a revenue source devoted to providing needed activities and improvements. If renewed, the District would generate approximately \$210,364 on an annual basis for the provision of

sidewalk landscaping and cleaning services, district identity and place-making activities including events and physical improvements, and related management and administration.

### BACKGROUND

A Property-based Business Improvement District, or PBID, is a benefit assessment district formed and renewed by property owners to provide enhanced services within the established boundaries. These services are concentrated within a distinct geographic area and are paid for by means of a special assessment on property within the District. A nonprofit corporation owners' association representing assessed property owners is responsible for providing these services, which are undertaken in coordination with 'baseline' services provided by local government.

On October 24, 2019 the Board of Directors of the North Shattuck Association, the nonprofit corporation owners' association representing assessed property owners, voted to take steps to renew the NSBID for a third ten-year period by hiring a consultant (New City America) to develop a new Management District Plan and oversee the renewal process. Accordingly, as is required in the enabling legislation, the staff and board members circulated a petition to all property owners within the boundaries of the District. Per the requirement for establishment and renewal of a Property Based Assessment District under BMC 7.94.030, on January 7, 2020, NSA's Executive Director Heather Hensley presented the City with petitions signed by property owners in the proposed District who will pay more than 30 percent of the assessments. The weighted petitions and ownership were verified as valid by the City of Berkeley Finance Department on January 23, 2020 and certified by the City Clerk on February 12, 2020. The method and basis for each parcel's assessment is detailed on pages 18 and 19 of the attached Management District Plan, Engineer's Assessment Report (Attachment 1, Exhibit A).

### *Majority Protest Process*

"The Right to Vote on Taxes Act" (also known as Proposition 218) was adopted by the voters in 1996. Among other things, Proposition 218 requires a specific process for cities to impose or increase benefit assessments on real property. The City has determined that the North Shattuck Business Improvement District renewal is subject to Proposition 218 regulations. Proposition 218 defines the process for establishing or adjusting property-based assessments. The process requires that a notice of the proposed assessment be sent to all property owners in the assessment district and that 45 days after the notice is sent a public hearing is conducted by City Council. During the 45-day period and up until the close of the public hearing, a property owner may protest the assessment by submitting a written protest. If written protests against the proposed assessment are presented by a majority of the owners of the identified parcels, weighted according to the proportional financial obligation of the affected property, the City Council may not impose the assessment.

**Assessments**

Property owners, merchants, and other North Shattuck stakeholders have emphasized that an assessment formula for the District needs to be fair, balanced, and commensurate with benefits received. Each property owner will pay based on benefits received. The variables used for the annual assessment formula are based on parcel lot size, building size, and linear lot frontage. The sources of assessable data are detailed on page 6 of the Management District Plan (Attachment 1, Exhibit A). The building square footage and lot square footage are sourced from the City of Berkeley Department of Finance, Land Management Module which includes Planning and Building Department data, and the lot frontage is provided by the Alameda County Assessor parcel maps.

The initial rates of assessment, and formula, are listed in Table 1 below. Assessment rates may be increased by up to 5% per year to account for inflation and program cost increases, subject to the review and approval of the NSA Board of Directors.

<b>Table 1. Initial Assessment Rate per Property Variable, Annual Costs</b>		
<b>Building Size (sq. ft.)</b>	<b>Lot Size (sq. ft.)</b>	<b>Linear Frontage (ft.)</b>
\$0.16	\$0.10	\$12.00

**Management District Plan and Budget**

The Management District Plan outlines three main areas of focus for the NSBID:

- Civil Sidewalks – which includes landscaping, enhanced trash removal, graffiti abatement, sidewalk and gutter cleaning, personnel to manage in house or contracted maintenance and/or ambassador/security teams;
- District Identity and Placemaking – including banners or seasonal decorations, public space or design improvements, public art displays, event production; and
- Contingency and Administration – which includes district management including staff, office supplies and rent, utilities, and reserves.

The total anticipated assessment budget is \$210,364.00 (rounded to the nearest whole dollar) and the split between the three focus areas is outlined below in Table 2.

<b>Table 2. Assessment Budget</b>		
<b>Budget Category</b>	<b>Amount</b>	<b>%</b>
Civil Sidewalks - Landscaping & Trash Removal	\$85,000	40%
District Identity and Placemaking	\$52,000	25%
Contingency and Administration	\$73,364	35%
<b>TOTAL</b>	<b>\$210,364</b>	<b>100%</b>

The Management District Plan provides for services above and beyond those “baseline services” currently provided by the City of Berkeley. The NSBID and its renewal consultant team conducted individual meetings with property and business owners,

along with the Association's General Business meeting, and developed service priorities based on the information and opinions collected via this outreach. The information from each step of this process was integrated and culminated in the development of the Management District Plan (Attachment 1, Exhibit A).

#### *District Activities*

Over the life of the NSBID, the Association has been actively involved in maintaining, marketing and promoting, and advocating for the District. The NSBID Executive Director coordinates with the City of Berkeley on service, parking, street behavior, permitting, and security issues, and oversees NSBID funded maintenance and beautification activities including sidewalk sweeping and tree well cleaning, graffiti removal, sidewalk planter installation and maintenance, decorative light pole banners, and winter holiday lighting and décor.

To promote and market the District, the NSA produces events, curates social media content, compiles e-blasts, and maintains a district website. Holiday promotions and special events geared to both a local and regional audience have been developed by the District including the Chocolate & Chalk Art festival, Sunday Streets, the "Taste of North Berkeley" restaurant walk which showcases neighborhood boutiques and eateries. The NSA coordinates weekly North Berkeley Farmers' Market, as well as producing winter holiday events and street entertainment. They have also partnered with nearby schools for arts related fundraisers. The Association serves the District's businesses and property owners as an advocate and ombudsman, providing technical assistance and development support, and engaging in business attraction. The Executive Director of the NSA also represents the District as a member of the Berkeley Business District Network (BBDN), Visit Berkeley, and the Berkeley Chamber of Commerce.

Included in the Management District Plan (Attachment 1, Exhibit A) for the NSBID is a breakdown of the annual budget and District activities. The assessment levels will be the same for each property regardless of use type, and the boundaries of the district are proposed to expand slightly to capture a few commercial properties on the north side of Rose Street (total parcel count is 54) that are contiguous with the existing district. The work plan will remain essentially the same; any changes will be based on the area's needs and as opportunities arise within the existing activity categories outlined in the Management District Plan.

Following renewal, the NSA Board will prepare an Annual Report each fiscal year. The report shall include any proposed changes in the rates for the district, the improvements and activities proposed for the year, and an estimate of the cost for providing them. Council action will be required annually to approve the BID's Annual Report, and to levy assessments for the following year.

ENVIRONMENTAL SUSTAINABILITY

By maintaining and enhancing the District, the NSBID creates shopping opportunities for residents and visitors alike while encouraging alternative forms of transportation. The District is walking distance from the North Berkeley and Downtown Berkeley BART Stations. Several AC transit lines provide easy accessibility to visitors coming to this popular regional destination. Because the District is well served by public transportation and biking infrastructure, these services support environmental sustainability goals of encouraging alternative transportation choices and reducing vehicle miles traveled.

RATIONALE FOR RECOMMENDATION

Property and Business Improvement District Law of 1994 Streets and Highways Code, Section 36600 et. seq. requires that the BID initiate the renewal of the NSBID for the next operational period (10 years). The State BID authorizing legislation and all associated procedures for re-establishment must be followed to properly implement legislation that the City approved under its own Charter authority (Berkeley Municipal Code Chapters 7.84 and 7.94).

This private/public partnership generates significant resources for revitalization of the North Shattuck District has a positive effect on the physical and economic health of the City of Berkeley.

ALTERNATIVE ACTIONS CONSIDERED

No alternative actions were considered by the Association Board. The decision to seek a renewal of the NSBID, and slightly expand the current boundaries of the district was unanimous.

CONTACT PERSON

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Attachments:

- 1: Resolution Re-Establishing the North Shattuck Business Improvement District and Levying Special Assessments in the District for FY 21.  
Exhibit A: North Shattuck Business Improvement District: Management District Plan and Engineer's Report
- 2: Resolution Authorizing the City Manager to Execute a Contract with North Shattuck Association to Implement the Management District Plan for the North Shattuck Business Improvement District
- 3: Public Hearing Notices

June 16, 2020

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

RE-ESTABLISHING THE NORTH SHATTUCK BUSINESS IMPROVEMENT DISTRICT  
AND LEVYING SPECIAL ASSESSMENTS IN THE DISTRICT

WHEREAS, the Property and Business Improvement District Law of 1994 (California Streets and Highways Code section 36600 et Seq., hereafter the “Act”) authorizes cities to fund property related improvements, maintenance and activities through the levy of assessments upon the real property that benefits from those assessments; and

WHEREAS, on February 12, 2020, the City verified petitions signed by property owners requesting the City Council to initiate proceedings to establish the District for a ten-year period; and

WHEREAS, the signed petitions submitted represented over 50% of the assessment value of the proposed District; and

WHEREAS, on April 14, 2020, the City Council approved Resolution No. 69,346–N.S. declaring its intention to establish the District and setting a Public Hearing on establishment for June 16, 2020; and

WHEREAS, Resolution No. 69,346–N.S. contained a map of the boundaries of the District and a description of the improvements and activities that are proposed to be financed by the levy of special assessments; and

WHEREAS, a detailed engineer’s report prepared by a registered professional engineer certified by the State of California, in support of the District’s assessments, has been prepared, is incorporated in the Management District Plan, and is on file with the Office of the City Clerk and is incorporated herein by this reference; and

WHEREAS, the City Clerk has given notice by mail to, and sent an assessment ballot to, the record owner of each parcel proposed to be included in the District and assessed; and

WHEREAS, following the Public Hearing on June 16, 2020, the City Clerk tabulated the assessment ballots submitted, and not withdrawn, in support of or in opposition to the proposed assessment and found that a majority protest did not exist against establishment of the District and the special assessments that will be imposed to finance the services and activities that will be provided by the District.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley as follows:

Section 1. Pursuant to Streets and Highways Code Section 36600 et. seq., the City Council finds that properties within the boundaries of the District will be specially benefited

June 16, 2020

by the services, improvements and activities to be provided by the District, as described in the Management District Plan attached hereto as Exhibit A, and properties outside the District will not be benefitted.

Section 2. The services, improvements and activities will be funded by the levy of assessments on property within the boundaries of the District, according to the method and basis set forth in the Management District Plan and the final Assessment Roll attached hereto as Exhibit A.

Section 3. The revenue from the levy of assessments on property within the District shall not be used to provide improvements or activities outside the District or for any other purposes other than the purposes specified in the Management District Plan attached hereto as Exhibit A.

Section 4. The Council of the City of Berkeley commits that the City of Berkeley will not target the North Shattuck Business Improvement District, with its supplemental revenue, for service reductions unless such services are reduced citywide.

Section 5. The properties within the District may be subject to amendments by the City Council after notice to the record owner of parcels within the District, according to procedures described in the Property and Business Improvement District Law of 1994 (California Streets and Highways Code Section 36600 et. seq.).

Section 6. The City Council hereby establishes the North Shattuck Business Improvement District and levies assessments for fiscal year 2021 on the properties and at the rates as specified in the Management Plan attached hereto as Exhibit A.

Exhibits:

A: North Shattuck Business Improvement District Management District Plan and Engineer's Report



# MANAGEMENT DISTRICT PLAN FOR THE RENEWAL OF THE NORTH SHATTUCK BUSINESS IMPROVEMENT DISTRICT (BID)

*Prepared pursuant to the City of Berkeley's Municipal Code  
Chapter 7.94: Property and Business Improvement District  
and the California Streets and Highways Code Sections 36500 et seq.  
for the North Shattuck Business District*

Prepared for:  
The North Shattuck Association and BID Renewal Committee  
The City Council of Berkeley, California  
JANUARY 2020

by  
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# The North Shattuck Business Improvement District Renewal Management District Plan

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### Attachment:

#### A. Engineer's Report

## Section 1 Management District Plan Summary

The name of this renewed Business Improvement District (“BID”) is the North Shattuck Business Improvement District (“North Shattuck BID” or the “District”). The District is formed under Chapter 7.94 of the Berkeley Municipal Code, as amended from the Property and Business Improvement District and the California Streets and Highways Code Sections 36500 et seq. relating to the establishment of property based Business Improvement Districts.

The levy of assessments on real property within the proposed District will fund physical improvements to individual properties, attract new customers and visitors, and increase business sales. The assessments will fund maintenance, special events and activities, and other special benefits within the District, enhancing the North Shattuck area and creating jobs, attracting and retaining businesses, and improving physical infrastructure and performing ongoing maintenance.

### **North Shattuck BID Steering Committee**

Since 2000, the North Shattuck Association has provided the property owners a series of special benefit services funded by the North Shattuck BID, approved by property owners by a mail ballot procedure in 2000, and then renewed in 2010. Services began July 1, 2010 (Fiscal Year 2011). This plan will represent the second renewal of the original district, with some changes in the assessment methodology, a minor expansion and a change in the priorities of the special benefit services provided to property owners.

Since the initiation of the renewal work in the Fall of 2019, the North Shattuck Business Improvement District BID Renewal Steering Committee has worked diligently to review the current plan, determine where changes should be made and advise its BID Consultant on how the district services should be prioritized over the next ten years.

### **How can a renewed BID benefit property owners in North Shattuck?**

The renewed North Shattuck BID is a *Special Benefits District* whereby property owners’ vote, through a mail ballot procedure, to pay a supplemental cost their property tax bills to fund those special benefit services prioritized for the district. *The BID will not replace current “baseline” City services, but it can fund solutions to supplement City services in the areas including:*

- *Safety - Ensuring that the public experience in the public rights of way is civil and accommodating;*
- *Beautification - Sidewalk cleanliness and enhanced landscaping;*
- *Promotion - Enhancing the brand/image of North Shattuck including a strong social media presence;*
- *Event Production - Managing, curating, and producing events in the district;*
- *Advocacy - Creating and facilitating on-going positive public relations for North Shattuck businesses and property owners.*

**Special Benefit Budget Category Analysis**

The renewed North Shattuck *Management District Plan* gives the property owners greater flexibility in determining the type and frequency of special benefit services that will be allocated on a year-to-year basis. As North Shattuck evolves, services that are needed one year may not be needed the next. *Therefore, “bundles” or categories of special benefit funding are created and divided into four broad categories.* The four categories of services include (1) Civil Sidewalks, (2) District Identity and Placemaking, (3) Administration, and (4) Contingency.

Each section will give the North Shattuck Association the overall percentages per services for the life of the District, but the flexibility to prioritize or minimize a budget line item service found within that category during the life of the District. The categories of services and their percentages represent the service plan the North Shattuck property owners will be voting on when the District comes up for a mail ballot in early 2020.

**PROPOSED FIRST YEAR BUDGET FOR THE NORTH SHATTUCK BUSINESS IMPROVEMENT DISTRICT – FY 2021**

<b>Category of Special Benefit Services</b>	<b>Annual Amount, First Year (rounded off numbers)</b>	<b>Percentage of total budget</b>
Civil Sidewalks	\$ 85,000	40%
District Identity/Placemaking	\$ 52,000	25%
Administration	\$ 63,000	30%
Contingency	\$ 10,364	5%
<b>Total</b>	<b>\$210,364.00</b>	<b>100%</b>

**METHOD OF FINANCING**

The financing of the North Shattuck BID is based upon the levy of special assessments upon real properties that receive special benefits from the improvements and activities. See Section 4 for assessment methodology and compliance with Article XIII (d) of the California State Constitution. There will be three factors used in the determination of proportional costs to the parcels in the District. These three factors are:

- Linear frontage
- Lot size or the footprint of the parcel
- Building square footage.

**Costs**

The costs per parcel are based upon the three factors listed above. All assessments must be proportional to the special benefits received.

## Proposed First Year Annual Costs per Property Variable

<i>Annual Building Square Footage Cost</i>	<i>Annual Lot Size Cost</i>	<i>Annual Linear Frontage Cost</i>
\$0.16	\$0.10	\$ 12.00

- Annual assessments are based upon an allocation of program costs by assessable linear frontage, (assessable on all sides of the parcels that receive benefits); PLUS, lot or parcel square footage; PLUS, assessable building square footage.
- Current and future residential condominium owners are assessed for their building square footage only.

### Cap on Annual Assessments

The District budget and assessments may be subject to annual increases not to exceed 5% per year. Increases will be determined by the Owners' Association/North Shattuck Association and will vary between 0% and 5% annually. Changes in land uses, the development of vacant parcels, the conversion of tax exempt (if any) to profitable land uses, the demolition of buildings, building improvements that increase square footages, and new building construction or residential condominium development, may alter the District's budget and individual property assessments. Linear frontage and parcel size are normally not altered in the redevelopment of a site.

### Bonds

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

### District Formation

Under Chapter 7.94 of the Berkeley Municipal Code and the Property and Business Improvement District and the California Streets and Highways Code Sections 36500 et seq., the North Shattuck Business District renewal requires a submission of petitions from property owners in the proposed district representing more than 30% of the total assessments to be paid into the BID.

Once the City verifies the petitions of support totaling a minimum of 30% (\$63,109.00) of the first year annual budget projected to be \$ 210,364.00 in assessments; the Berkeley City Council may adopt a **Resolution of Intention** to mail out ballots to all affected property owners. The anticipated date for this action is March 24, 2020. The City will then hold a public hearing and tabulate the ballots. The North Shattuck BID will be renewed if the weighted majority of all returned mail ballots support District formation and if the City Council adopts a **Resolution of Formation** to levy the assessments on the benefiting parcels. The final public hearing for formation of the renewed district is anticipated to be held on May 26, 2020, based upon the successful completion of the petition drive. If no

majority protest exists, and the resolutions are adopted successfully, the renewed District would go into effect on July 1, 2020 (FY21).

**Boundaries**

The proposed North Shattuck BID consists of approximately 13 square blocks consisting of 54 parcels owned by 48 property owners, including any parcels owned by the City of Berkeley. See the North Shattuck proposed BID map in Section 2, page 9. The District is generally bounded by:

- *On the south:* by Delaware Street;
- *On the north:* the north side of Rose Street, between Shattuck Avenue and Shattuck Place;
- *On the west:* all of the parcels fronting along Shattuck Avenue from parcel number 2176 – 3 – 1 on the south and parcel 2455-67 on the north;
- *On the east:* all of the parcels fronting along Shattuck Avenue from parcel 2261 – 1-2 on the north and parcel 2177-15-1 on the south;

**Assessable Data\* in the proposed North Shattuck BID: (as of Jan. 1st 2020)**

Building Sq. Ft	Lot Sq. Ft.	Linear Frontage	Residential Condominium Bldg. Sq. Ft.
538,331 sq. ft.	633,186 sq. ft.	5,076 linear ft.	0

\*Sources:

Building Sq. Ft and Lot Sq. Footage: City of Berkeley Department of Finance, Land Management Module, Planning and Building Department Data, 2020.

Lot Frontage: County of Alameda, Assessor Parcel Maps, 2019.

**Term**

Under Article V of the BMC section 7.94.040, the District may be established for a maximum of ten years.

**Time and Manner for Collecting Assessments**

The North Shattuck BID assessments will appear as a separate line item on annual property tax bills prepared by the County of Alameda Tax Assessor. The assessments are collected at the same time and in the same manner as ad valorem property taxes paid to the County of Alameda. The assessments have the same lien priority and penalties for delinquent payments as ad valorem property taxes. Any delinquent assessments owed for the first year will be added to the property tax roll for the following year together with any applicable interest and penalties. The “property owner” means any person shown as the owner/taxpayer on the last equalized assessment roll or otherwise known to be the owner/taxpayer by the City. The County of Alameda will assess a collection fee of 1.7% of the total annual assessment for all District parcels.

**Government Assessment**

The North Shattuck BID Management Plan assumes that the City of Berkeley will pay assessments for the public property they own in the District (if any). Article XIII D, Section

4 of the California Constitution provides that public agencies such as the City and the University of California are not exempt from the assessments.

Parcels owned by the City of Berkeley and other public agencies identified in Article XIII D Section 7 of the California Constitution will receive benefits commensurate with assessments they pay. These publicly owned parcels are presumed to benefit equally to the privately-owned parcels with respect to the special benefit services outlined in this Management District Plan.

### **Governance**

Pursuant to Article V and Section 36650 of the California Streets and Highway Code, a District Management Corporation or Owners' Association will review District budgets and policies annually within the limitations of the Management District Plan. The Owner's Association must file Annual Reports with the City of Berkeley and will oversee the day-to-day implementation of services as defined in the Management District Plan.

*"Owners' association" means a private nonprofit entity that is under contract with a city to administer or implement activities and improvements specified in the management district plan. An owners' association may be an existing nonprofit entity or a newly formed nonprofit entity. An owners' association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose. (Streets & Highway. Code § 36612.)*

The existing North Shattuck Association, an established public benefit non-profit corporation, will serve in the capacity of the Owners Association to run the day to day operations of the district.

### **Disestablishment**

North Shattuck BID participants will have an annual period in which to submit petitions to the City Council to disestablish the BID. If the property owners vote by weighted majority to disestablish the District, assessments will be removed from the parcels the following fiscal year. Unexpended surplus funds will be returned to property owners based upon a parcel's percentage contribution to the previous fiscal year's assessments.

### **Exemptions or Reductions in Rates**

Under this Management District Plan and consistent with Proposition 218 and Article XIII (D) of the State Constitution, no parcel receiving special benefits from the establishment of a property assessment district is exempt from payment of the assessment.

## Section 2

# North Shattuck Business Improvement District Boundaries

### Boundaries

The renewed North Shattuck BID consists of approximately 13 square blocks consisting of 54 parcels owned by 48 property owners. See the North Shattuck proposed BID map in Section 2, page 9. The District is generally bounded by:

- *On the south:* on the northern parcels of both sides of Delaware Street;
- *On the north:* on the parcels on both sides of Rose Street between Shattuck Avenue and Shattuck Place;
- *On the west:* on the western side of all of the parcels which front along Shattuck Avenue between Delaware Street on the south and Rose Street on the north;
- *On the east:* on the eastern side of all of the parcels which front along Shattuck Avenue between Delaware Street on the south and Rose street on the north  
The eastern boundary also incorporates the commercial parcels on both sides of the western parcels of the intersection of Walnut and Vine Streets.

### Benefit Zones

The District consists of one benefit zone.

### District Boundary Rationale

The North Shattuck BID boundaries are comprised of parcels that showcase an array of commercial retailers, restaurants, coffee shops, bakeries, grocery stores, professional businesses, and residential apartments. The North Shattuck BID boundaries are set by the northern boundary of the Downtown Berkeley BID to the south on Shattuck Avenue and by the residential neighborhoods to the north, west and east.

### Summation

A list of all parcels included in the proposed North Shattuck BID are shown as Appendix 1, attached to this report identified by their respective Alameda County assessor parcel numbers. The boundary map of the proposed North Shattuck BID is shown on the proposed district map (page 9).

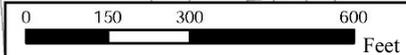
All identified assessed parcels within the above-described boundaries shall be assessed to fund supplemental special benefit programs, services and improvements as outlined in this Management District Plan. All North Shattuck BID funded services, programs and improvements provided within the above described boundaries shall confer special benefit to identified assessed parcels inside the District boundaries and none will be provided outside of the District. Each assessed parcel within the North Shattuck BID will proportionately and especially benefit from the District funded programs and services (i.e. Civil Sidewalks, District Identity and Placemaking, Administration and Contingency).

Map of North Shattuck Business Improvement District -2020



**LEGEND**

- Included Parcel
- Assessor Block Numbers
- Assessor Parcel Numbers
- Total Assessed Parcel Count = 54



## Section 3

### District Improvement and Activity Plan

#### Explanation of Special Benefit Services

All the improvements and activities detailed below are provided only to properties within the boundaries of the North Shattuck BID, as the improvements and activities will provide special benefits to the owners of these properties.

The City of Berkeley will continue to provide *general benefit or “baseline” services* in the North Shattuck district which will include public safety, fire suppression, periodic street tree trimming, street sweeping, trash collection of public refuse containers, etc. The frequency of these general benefits may change from year to year and time to time based upon municipal budget constraints. However, City general benefits or baseline services will not be withdrawn from the North Shattuck BID unless they are withdrawn by an equal amount Citywide. ***The BID funded special benefits will not replace City funded general or “baseline” benefits, but rather will provide special benefits to parcel owners over and above the general benefits provided by the City of Berkeley.***

All services funded by the assessments outlined in the Management District Plan are intended to directly benefit the properties within the District to support increased commerce, business attraction and retention, to retain and increase commercial property rentals, attract new residential developments, enhance safety and cleanliness in the District, improve District identity,

#### Special Benefit Budget Category Analysis

This renewal Plan gives property owners greater flexibility in determining the type and frequency of special benefit services that will be allocated on a year-to-year basis. As North Shattuck evolves over the next ten years, services that are needed one year may not be needed the next. Therefore, “bundles” or categories of special benefit funding have been created and divided into four broad categories – Civil Sidewalks, District Identity and Placemaking, Administration and Contingency. The bundles are allocated funding percentages with the flexibility to prioritize or minimize a service within each bundle.

### PROPOSED FIRST YEAR BUDGET FOR THE NORTH SHATTUCK BUSINESS IMPROVEMENT DISTRICT – FY 2021

TABLE 3-A

Category of Special Benefit Services	Annual Amount, First Year (rounded off numbers)	Percentage of total budget
Civil Sidewalks	\$ 85,000	40%
District Identity/Placemaking	\$ 52,000	25%
Administration	\$ 63,000	30%
Contingency	\$ 10,364	5%
<b>Total</b>	<b>\$210,364.00</b>	<b>100%</b>

The proposed “bundles” of special benefit services are listed below. All services listed below are special benefits and supplemental to current baseline City services.

**CIVIL SIDEWALKS**

*Examples of this category of special benefit services and costs may include, but are not limited to:*

- Regular sidewalk and gutter sweeping
- Regular sidewalk steam cleaning
- Beautification of the district, including landscaping
- Enhanced trash and recycling emptying (over and above city services)
- Timely graffiti removal, within 48 hours as necessary
- Personnel to manage the in-house or contracted maintenance and/or security teams;

**DISTRICT IDENTITY AND PLACEMAKING**

*Examples of this category of special benefit services and costs may include, but are not limited to:*

- Banners and seasonal decorations
- Funding of communication efforts, including: newsletters, website maintenance, social media and public relation efforts
- Branding of the North Shattuck BID properties so a positive image is promoted to the public;
- Public art displays
- Public space design and improvements
- Development and project management of special events including the Snow Day Event, Chocolate and Chalk Art Festival, Sunday Streets, Taste of North Berkeley, Food and Wine Walk, Marketplace Events etc.

**ADMINISTRATION/PROGRAM MANAGEMENT**

*Examples of this category of special benefit services and costs may include, but is not limited to:*

- District Management/Assistants/Event Production Specialists
- Office rent and Insurance;
- Office supplies, including postage
- Accounting/filing fees
- Sponsorship/donations;
- Dues, subscriptions and memberships
- Utilities/phone/internet server;

**CONTINGENCY/CITY AND COUNTY FEES/RESERVE**

*Examples of this category of special benefit services and costs include, but is not limited to:*

- Delinquencies, City/County fees, reserves

**Method of Financing**

The financing of the renewed North Shattuck BID is based upon the levy of special assessments upon real properties that receive special benefits from the improvements and activities. See Section 4 for assessment methodology and compliance with Article XIII (d) of the California State Constitution. There will be three factors used in the determination of proportional costs to the parcels in the District. These three factors are:

- Linear frontage in feet
- Lot size or “the footprint” of the parcel by square foot (LSF).
- Gross building square footage (BSF).

**Costs per parcel**

The costs per parcel are based upon the three factors listed above. All assessments must be proportional to the special benefits received.

**PROPOSED FIRST YEAR ANNUAL COSTS PER PROPERTY VARIABLE  
TABLE 3-B**

<i>Annual Building Square Footage Cost</i>	<i>Annual Lot Size Cost</i>	<i>Annual Linear Frontage Cost</i>
\$0.16	\$0.10	\$ 12.00

- Annual assessments are based upon an allocation of program costs by assessable linear frontage, (assessable on all sides of the parcels that receive benefits); PLUS, lot or parcel square footage; PLUS, assessable building square footage.
- Current and future residential condominium owners are assessed for their building square footage only, including ground floor residential condominiums.

**Cap on Annual Assessments**

The District budget and assessments may be subject to annual increases not to exceed 5% per year. Increases will be determined by the Owners’ Association/District Management Corporation and will vary between 0% and 5% annually. Changes in land uses, the development of vacant parcels, the conversion of tax exempt to profitable land uses, the demolition of buildings, building improvements that increase square footages, and new building construction or residential condominium development, may alter the District’s budget and individual property assessments. Linear frontage and parcel size are normally not altered in the redevelopment of a site. Changes to assessments are more likely to occur upon changes to building square footages. Changes may also occur upon the conversion of single parcels to multiple parcels due to the construction of residential or commercial condominiums.

**Bonds**

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

## Operating Budget

The ten-year budget projections are based upon the following assumptions:

- Assessments **may be subject to annual increase**, based upon the action of the North Shattuck Association, not to exceed 5% per year.
- Changes in land use, demolition or expansion of existing buildings, and new development will occur.

The budget for specific programs may be reallocated within each budget category by up to 10% during the first five years of the District. The Management Association may alter the budget based upon service needs and such changes shall be included in the Annual report and submitted to the Berkeley City Council for review and approval.

### TEN-YEAR PROJECTION OF MAXIMUM ASSESSMENT FOR THE RENEWED NORTH SHATTUCK BID BY FISCAL YEAR (FY) FY21-FY30 TABLE 3-C

Projected Budget	FY1	FY2	FY3	FY4	FY5
Civil Sidewalks	\$85,000.00	\$89,250.00	\$93,712.50	\$98,398.13	\$103,318.03
District Identity/Placemaking	\$52,000.00	\$54,600.00	\$57,330.00	\$60,196.50	\$63,206.33
Administration	\$63,000.00	\$66,150.00	\$69,457.50	\$72,930.38	\$76,576.89
Contingency	\$10,364.00	\$10,882.20	\$11,426.31	\$11,997.63	\$12,597.51
<b>Total</b>	<b>\$210,364.00</b>	<b>\$220,882.20</b>	<b>\$231,926.31</b>	<b>\$243,522.63</b>	<b>\$255,698.76</b>

Projected Budget	FY6	FY7	FY8	FY9	FY10
Civil Sidewalks	\$108,483.93	\$113,908.13	\$119,603.54	\$125,583.71	\$131,862.90
District Identity/Placemaking	\$66,366.64	\$69,684.97	\$73,169.22	\$76,827.68	\$80,669.07
Administration	\$80,405.74	\$84,426.03	\$88,647.33	\$93,079.69	\$97,733.68
Contingency	\$13,227.38	\$13,888.75	\$14,583.19	\$15,312.35	\$16,077.97
<b>Total</b>	<b>\$268,483.69</b>	<b>\$281,907.88</b>	<b>\$296,003.27</b>	<b>\$310,803.44</b>	<b>\$326,343.61</b>

#### Notes:

- Assumes a possible 5% maximum yearly increase on all budget items, if approved annually by the District Management/ Owner's Association Board of Directors.
- Any accrued interest or delinquent payments will be expended in the above categories.

## Section 4

### Assessment Methodology

The renewed North Shattuck BID is a property-based special benefit assessment district being established pursuant to the Berkeley Business Improvement District enabling ordinance adopted by the Berkeley City Council in 2000. 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 benefits 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.

#### **General vs. Special Benefits**

As provided 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, Article XIII (d), 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 provided within North Shattuck that are not special in nature, are not “particular and distinct” and are not over and above the benefits that other city 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 – and 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 proposed North Shattuck BID which will receive special benefits from BID funded programs and services are currently a mix of retail, service, office, religious, residential and parking. Services, programs and improvements provided by the North Shattuck BID are primarily designed to provide special benefits to identified parcels within the boundaries of the District.

Parcels that receive the special benefit programs, services and improvements outlined in this Management District Plan will attract more customers, employees, tenants and investors as a result of these programs, services and improvements, thereby increasing business volumes, sales transactions, occupancies, and rental income, and for future residents, make North Shattuck more walkable, attractive and livable. 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 North Shattuck BID boundaries, these programs, services and improvements will constitute "special benefits."

**Existing City of Berkeley 'baseline' services will not be replaced or duplicated by North Shattuck BID funded services.** The purpose of this District is to fund supplemental programs, improvements and services within the North Shattuck boundaries above and beyond what is being currently funded either via normal tax supported methods or other funding sources. The assessments to be levied on parcels within the North Shattuck 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 BID funded services, activities, or programs will be provided beyond the North Shattuck BID boundaries.

While every attempt is made to provide BID services and programs to confer benefits only to those identified assessed parcels within the District, the California State Constitution, Article XIII (d), was amended via Proposition 218 to provide 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 or residing within the District or interest in the District itself. Empirical assessment engineering analysis throughout BIDs in California have found that general benefits within a given similar special benefit district tend to range from 1-5% of the total costs.

There are three methods that have been used by the North Shattuck BID Assessment 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 BIDs in California for which the Assessment Engineer has provided assessment engineering services since the enactment of Proposition 218 in 1996, have used Method #3, the composite district overlay determinant method which will be used for this 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.

#### **North Shattuck 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 North Shattuck BID are shown in the chart below:

**Total Year 1 – FY 2021 Special and General Benefit Costs**  
**Table 4-A**

<b>Category of Special Benefit Services</b>	<b>Year 1 Annual Amount</b>	<b>Year 1 Non-Assessment Costs</b>	<b>Year 1 Total Costs</b>	<b>% of Total</b>
Civil Sidewalks	\$ 85,000	\$ 1,735	\$ 86,735	40%
District Identity/Placemaking	\$ 52,000	\$ 1,061	\$ 53,061	25%
Administration	\$ 63,000	\$ 1,286	\$ 64,286	30%
Contingency	\$ 10,364	\$ 211	\$ 10,575	5%
<b>Total</b>	<b>\$210,364.00</b>	<b>\$4,293.00</b>	<b>\$214,657.00</b>	<b>100%</b>

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 \$ 4,293 per year which would equal the general benefit cost of 2% of the computed total BID cost of \$ 214,657 from the table above. Here, program costs are spread among property variables that are common to each parcel include linear frontage, lot or parcel size and building square footage. Assessed valuation cannot be used as the basis for revenue generation in the state of California since Proposition 13 sets the assessed valuation at the time of purchase of the parcel, therefore adjacent parcels may be similar in size, but have different assessed valuations. We must therefore spread the assessments among the consistent factors of each parcel, based upon FY 2020 tax data.

**Benefit Zones**

State law and the State constitution, Article XIID require that special assessments be levied according to the special benefit each individual parcel receives. There is one benefit zone in the proposed renewed North Shattuck BID.

**Assessment District Revenue Generation in Fiscal Year 2021 from  
Each Assessable Property Variable:  
Table 4-B**

<b>Property Variable</b>	<b>Total Revenue Generated</b>	<b>Percentage of budget</b>
Building Sq. Ft.	\$ 86,133	41%
Lot Sq. Ft.	\$ 63,319	30%
Linear Frontage	\$ 60,912	29%
<b>Total</b>	<b>\$ 210,364.00</b>	<b>100%</b>

## Annual Costs per property variable and Benefit Zone, Year 1, FY 2021 Table 4–C

<i>Annual Building Square Footage Cost</i>	<i>Annual Lot Size Cost</i>	<i>Annual Linear Frontage Cost</i>
\$0.16	\$0.10	\$ 12.00

### **Linear Frontage Defined**

Individual parcels will be assessed for all sides of each parcel fronting on a public street. Alley frontage is not assessed. Each side of the parcel (excluding alley areas) will receive Civil Sidewalks special benefit services based upon the frequency of services articulated in this plan, 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 North Shattuck BID. The building square footage of a parcel has been verified by the City of Berkeley Department of Finance, Land Management Module, based on Planning and Building Department data. Apartment buildings within the boundaries of the North Shattuck BID will be assessed as commercial buildings since there is a landlord/tenant relationship within that property that is commercial in nature.

### **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 has been verified by the City of Berkeley Department of Finance, Land Management Module, based on Planning and Building Department data.

### **Commercial Condominium Parcels Defined**

Ground floor commercial condominiums will be treated as 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 condominium, 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 geographic benefit zone they are within.

Current and future residential condominium parcels are assessed as a separate category. These residential condominium individual parcels will be assessed *for their building square footage only at the rate of \$0.16 per square foot per year for the first year of the BID, or possibly higher if assessments have been increased annually as provided in this plan and completed in future years.* The rationale for assessing future residential condominiums only for the building square footage rate is provided below.

Residential condominium parcels are assessed differently than multi-unit, for-rent apartment buildings, due to the frequency of special benefit services required by each parcel as described below. The multi-unit apartment buildings are commercial properties

in which the tenant and landlord have an economic relationship as opposed to residential condominium buildings where individual property owners own separate “air space parcels” on a single floor. Future residential apartment buildings can be bought or sold just as like commercial buildings whereas residential condominium individual units are separately owned and must be individually bought and sold.

Distinctions between residential apartment buildings with tenants and residential condominium building with individual parcel owners are as follows:

1. *The Davis Sterling Act of 1985 establishes rules and regulations for residential condominium owners based upon “separate interests” (i.e. ownership rights), as opposed to renters who only have a possessory interest.*
2. *Generally, residential condominium unit owners demonstrate greater care for their property and concerns about quality of life issues due to their investment in real estate.*
3. *Residential owners and have the right to vote in a Proposition 218 hearing, tenants do not have that right.*
4. *Residential condominium owners are required to contribute to legally established Homeowners Associations to oversee building maintenance, tenants are not.*
5. *Residential tenants may have their dwelling units sold or have their rent raised arbitrarily due the lack of ownership of their residential units.*

The assessment methodology has been written to confer special benefits to future residential condominium individual assessed parcels since future residential condominium owners have unique investment backed expectations about the care and maintenance of the building and its surroundings compared to the interest of residential tenants who have a possessory not an ownership interest.

### **Exemptions or Reductions in Rates**

Under this Management Plan and consistent with Proposition 218 and Article XIII (D) of the State Constitution, no parcel receiving special benefit for the establishment of a property assessment district shall be exempted from payment.

### **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 Constitution Article XIII D, Section 2(i), “Special Benefit,” means a separate 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 and the City of Berkeley.
- A list of properties to be included within the District is provided in Section 7.

**First Year (FY 2021) Parcel Assessment Calculation**

***The annual assessment method to calculate all parcels for the North Shattuck BID will be:***

Total Linear Frontage X \$ 12.00 per foot, plus  
 Total Lot Square Footage X \$0.10 per square foot, plus  
 Total Building Square Footage X \$0.16 per square foot, equals  
**TOTAL PARCEL ANNUAL ASSESSMENT**

**Future Development**

As a result of continued new development, the North Shattuck BID will experience the addition or subtraction of assessable commercial buildings or the conversion of vacant parcels into new commercial and residential units. The Management District Plan assessment methodology will reflect any and all land use changes in the District with annual adjustments being submitted to both the City and the County, as these assessment calculation and property variable alterations occur.

**Maximum Assessment**

Assessments may be subject to annual increases not to exceed 5% per year. Increases will be determined by the BID District Management Corporation and will vary between 0% and 5% in any given year. The maximum the assessments may be increased is 5% over the previous fiscal year’s base assessments. The absence of increase in any given year does not give the District Management Corporation or the Owner’s Association the authority to accumulate increases above 5% in any successive year. The following projections illustrate a potential 5% annual increase.

**Maximum Assessments by Property Variable for the renewed  
 North Shattuck BID – FY 2021  
 Table 4 – D**

Projected Assessment	FY 1	FY2	FY3	FY4	FY5
Linear Frontage	\$12.000	\$12.6000	\$13.2300	\$13.8915	\$14.5861
Building SF	\$0.1600	\$0.1680	\$0.1764	\$0.1852	\$0.1945
Lot SF	\$0.1000	\$0.1050	\$0.1103	\$0.1158	\$0.1216

Projected Assessment	FY6	FY7	FY8	FY9	FY10
Linear					
Frontage	\$15.3154	\$16.0811	\$16.8852	\$17.7295	\$18.6159
Building SF	\$0.2042	\$0.2144	\$0.2251	\$0.2364	\$0.2482
Lot SF	\$0.1276	\$0.1340	\$0.1407	\$0.1477	\$0.1551

### **Term**

The renewed North Shattuck BID shall be renewed for the maximum allowable period of ten years commencing July 1<sup>st</sup>, 2020 (FY 21). Provisions for annual disestablishment are available if the property owners no longer desire to fund the special services articulated in this plan.

### **Budget Adjustments**

Annual budget surpluses, if any, will be rolled into the following year's budget. Assessments will be set annually. Revenues from delinquent accounts may be expended in the year they are received.

### **Time and Manner for Collecting Assessments**

In September 2020, the North Shattuck BID assessments for FY 21 will appear as a separate line item on annual property tax bills prepared by the County of Alameda. The assessments are collected at the same time and in the same manner as ad valorem property taxes paid to the County of Alameda. The assessments have the same lien priority and penalties for delinquent payment as the ad valorem property taxes.

### **Disestablishment**

California Streets and Highways Code section 36670 provides for the disestablishment of a District. Property owners dissatisfied with the results, management or quality of the services may petition the City Council to disestablish the District, in the same method in which they petitioned the City Council to establish it. The threshold to trigger the balloting for the disestablishment for the North Shattuck BID is by a 30% weighted petition of property owners submitted to the City of Berkeley.

Section 36670 of the California Streets and Highway Code states:

*(b) The city council shall adopt a resolution of intention to disestablish the district prior to the public hearing required by this section. The resolution shall state the reason for the disestablishment, shall state the time and place of the public hearing, and shall contain a proposal to dispose of any assets acquired with the revenues of the assessments levied within the property and business improvement district. The notice of the hearing on disestablishment required by this section shall be given by mail to the property owner of each parcel or to the owner of each business subject to assessment in the district, as appropriate. The city shall conduct the public hearing not less than 30 days after mailing the notice to the property or business owners. The public hearing shall be held not more than 60 days after the adoption of the resolution of intention.*

Unexpended surplus funds will be returned to property owners based upon each property owner's percentage contribution to the previous fiscal year's assessments.

## **Section 5 District Rules and Regulations and Governance**

The renewed North Shattuck Business Improvement District Owners' Association will adhere to the open meeting and open records provisions of the Ralph M. Brown Act (California Government Code 54950 et seq., 1953) and will seek to be as open and transparent to the BID assesses and the public at large as is reasonably possible.

Pursuant to Section 36650 of the California Streets and Highway Code, a District Management Corporation or Owners' Association, will review District budgets and policies annually within the limitations of the Management District Plan. The Owners' Association will file Annual Reports with the City of Berkeley and will oversee the day-to-day implementation of services as defined in the Management District Plan.

*"Owners' association" means a private nonprofit entity that is under contract with a city to administer or implement activities and improvements specified in the management district plan. An owners' association may be an existing nonprofit entity or a newly formed nonprofit entity. An owners' association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose. (Sts. & Hy. Code § 36612.)*

The existing North Shattuck Association, shall serve in the capacity of the Owners Association consistent with State Statute and the local enabling ordinance.

## **Section 6 Implementation Timetable**

The North Shattuck BID is expected to be re-established and begin assessing benefiting parcels as of the third quarter of 2020 (July 1, 2020, FY21). It is anticipated that the first assessment revenues from the renewed North Shattuck BID will be transferred from the City to the North Shattuck Association by January 2021.

## Section 7

### Assessment Roll of Properties Included

Assessor Parcel Number	Site #	Site Street	Bldg SF	Lot SF	Frontage	Annual Assessment
058 -2173-002-03	1600	SHATTUCK AVE #1010	29,500	23,875	141	\$8,799.50
058 -2173-004-00	1620	SHATTUCK AVE	2,044	1,698	35	\$916.84
058 -2173-005-00	1650	SHATTUCK AVE	1,700	4,600	103	\$1,968.00
058 -2174-001-00	1652	SHATTUCK AVE	4,296	3,969	42	\$1,588.26
058 -2174-002-00	1654	SHATTUCK AVE	3,117	3,142	33	\$1,208.92
058 -2174-003-00	1662	SHATTUCK AVE	2,950	2,835	30	\$1,115.50
058 -2174-004-01	1670	SHATTUCK AVE	2,617	3,299	35	\$1,168.62
058 -2174-006-02	1690	SHATTUCK AVE	10,896	15,761	135	\$4,939.46
058 -2175-001-01	1700	SHATTUCK AVE	8,976	12,730	95	\$3,849.16
058 -2175-003-00	1708	SHATTUCK AVE	2,872	5,163	40	\$1,455.82
058 -2175-004-00	1720	SHATTUCK AVE	624	2,175	35	\$737.34
058 -2175-005-00	1730	SHATTUCK AVE	1,340	2,819	50	\$1,096.30
058 -2175-006-00	1748	SHATTUCK AVE	2,500	2,625	50	\$1,262.50
058 -2176-001-01	1752	SHATTUCK AVE	1,160	10,350	115	\$2,600.60
058 -2176-003-01	2083	DELAWARE	33,006	19,065	155	\$9,047.46
058 -2177-015-01	1797	SHATTUCK AVE	56,931	19,340	200	\$13,442.96
058 -2178-018-00	2109	VIRGINIA ST	9,480	22,425	200	\$6,159.30
058 -2178-023-00	1619	SHATTUCK AVE	1,850	5,175	45	\$1,353.50
058 -2178-024-01	1607	SHATTUCK AVE	17,530	29,657	252	\$8,794.50
058 -2178-026-00	1625	SHATTUCK AVE	4,760	4,025	35	\$1,584.10
058 -2178-027-00	1625	SHATTUCK AVE	11,450	4,025	35	\$2,654.50
058 -2178-028-00	1625	SHATTUCK AVE	11,450	4,025	35	\$2,654.50
059 -2260-001-00	2100	VINE ST	10,090	8,958	100	\$3,710.20
059 -2260-002-01	2110	VINE ST	28,520	19,263	150	\$8,289.50
059 -2260-015-01	1549	SHATTUCK AVE	2,255	3,720	40	\$1,212.80
059 -2260-015-02	1543	SHATTUCK AVE	4,813	5,251	62	\$2,039.18
059 -2260-016-00	1537	SHATTUCK AVE	7,271	5,520	45	\$2,255.36
059 -2260-017-00	1533	SHATTUCK AVE	3,780	5,355	45	\$1,680.30
059 -2260-018-00	1531	SHATTUCK AVE	13,038	7,200	60	\$3,526.08
059 -2260-019-00	1525	SHATTUCK AVE	5,064	7,380	60	\$2,268.24
059 -2260-020-03	1519	SHATTUCK AVE	7,642	8,330	70	\$2,895.72
059 -2260-021-00	1517	SHATTUCK AVE	2,423	3,720	30	\$1,119.68
059 -2260-022-01	1515	SHATTUCK AVE	2,256	3,240	30	\$1,044.96
059 -2260-022-02	1511	SHATTUCK AVE	9,537	8,427	70	\$3,208.62
059 -2261-001-02	1451	SHATTUCK AVE	17,932	33,750	377	\$10,768.12
059 -2261-004-03	1444	WALNUT ST	8,548	4,400	40	\$2,287.68
059 -2261-005-00	2113	VINE ST	1,280	4,407	40	\$1,125.50
059 -2261-006-00	2111	VINE ST	6,711	4,400	40	\$1,993.76
059 -2261-007-00	1495	SHATTUCK AVE	6,750	6,750	75	\$2,655.00
059 -2261-008-00	1481	SHATTUCK AVE	2,555	3,150	35	\$1,143.80

059 -2261-009-00	1475	SHATTUCK AVE	3,400	3,590	40	\$1,383.00
059 -2261-010-00	1463	SHATTUCK AVE	5,664	6,300	73	\$2,412.24
059 -2262-001-00	1400	SHATTUCK AVE	19,118	9,338	148	\$5,768.68
059 -2262-005-00	1480	SHATTUCK AVE	2,369	11,900	120	\$3,009.04
059 -2262-006-00	2085	VINE ST	3,091	4,200	35	\$1,334.56
059 -2262-021-02	1425	HENRY ST	50,528	84,942	518	\$22,794.68
059 -2262-021-03	1425	HENRY ST		6,098	96	\$1,761.80
059 -2263-003-01	2044	VINE ST	10,094	15,525	115	\$4,547.54
059 -2263-006-01	1516	SHATTUCK AVE	11,813	12,960	95	\$4,326.08
059 -2263-009-00	1540	SHATTUCK AVE	5,515	4,050	30	\$1,647.40
059 -2263-010-01	1550	SHATTUCK AVE	37,323	85,050	300	\$18,076.68
059 -2263-024-01	1536	SHATTUCK AVE		16,959	60	\$2,415.90
060- 2455-064-01	2095	ROSE ST	3,702	10,075	135	\$3,219.82
060- 2455-067-00	2091	ROSE ST	24,200	16,200	46	\$6,044.00

# ATTACHMENT A

## NORTH SHATTUCK BUSINESS IMPROVEMENT DISTRICT RENEWAL

# ASSESSMENT ENGINEER'S REPORT

*Being Renewed for a 10 Year Term Pursuant  
to the City of Berkeley's Municipal Code Chapter 7.94 and  
the California Streets and Highways Code Section 36600 et seq.  
Property & Business Improvement District Act of 1994, as amended*

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

**JANUARY 28, 2020**

FINAL V1.1

**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 North Shattuck Business Improvement District ("NSBID") 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 blue ink that reads "Edward V. Henning".

RPE #26549

**January 28, 2020**

Edward V. Henning

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 XIIIID of the California Constitution (Proposition 218) to support the benefit property assessments to be levied within the proposed renewed NSBID in the City of Berkeley, California being renewed 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 real properties within the proposed renewed NSBID.

**Background**

The NSBID is a property-based benefit assessment district being renewed for a ten (10) year term pursuant to the City of Berkeley’s Municipal Code Chapter 7.94 (the “Code”) and Section 36600 et seq. of the California Streets and Highways Code (as amended), 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 business improvement district (“BID”), district costs are to be distributed amongst all identified benefiting properties based on the proportionate amount of special benefit each property is expected to derive from the programs funded by the assessments levied. Within the Code and the Act, frequent references are made to the concept of relative “benefit” received from BID programs and activities versus 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.

**Supplemental Article XIID Section 4(b) California Constitution**  
**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 NSBID. These requirements are in addition to requirements imposed by State and local assessment enabling laws. These requirements were “chaptered” into law as Article XIID Section 4(b) of the California Constitution.

Since Article XIID provisions will affect all subsequent calculations to be made in the final assessment formula for the NSBID, these supplemental requirements will be taken into account. The key provisions of Article XIID along with a description of how the NSBID 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”.**

**Setting:**

The proposed renewed NSBID is located along the North Shattuck Avenue business corridor and is comprised of parcels that showcase an array of highly rated commercial retailers, restaurants, coffee shops, bakeries, grocery stores, professional businesses, and residential apartments. (See attached map in Appendix 2).

**General Boundary Description**

The NSBID encompasses approximately 13 blocks centered along North Shattuck Avenue in the City of Berkeley between Rose Street on the north and Delaware Street on the south.

**Benefit Zones**

There is one benefit zone within the proposed renewed NSBID.

**NSBID Boundary Rationale**

The NSBID boundaries are comprised of the commercial parcels along the North Shattuck Avenue corridor between Rose Street on the north and Delaware Street on the south. The NSBID is generally surrounded by residential land uses and zoning on the north, west and east sides and the Downtown Berkeley BID on the south.

**Northern Boundary**

The northern boundary of the BID is approximately Rose Street. Generally, all parcels north of the northern boundary are residential uses on residentially zoned parcels. The Property and Business Improvement District Law of 1994, California Streets & Highway Code § 36632 states, *“Properties zoned solely for residential use.....are conclusively presumed not to benefit from the improvements and service funded through these assessments and shall not be subject to any assessment pursuant to this part.”* Thus, no residential zoned/used parcel is included in the NSBID.

The NSBID will only provide services to the individual assessed parcels within the boundaries; services will not be provided to parcels that are not assessed. No NSBID programs and services will be provided north of the northern NSBID boundary.

**Eastern Boundary**

The eastern boundary of the BID is generally the eastern property line of those North Shattuck Avenue parcels between Delaware Street on the south and Rose Street on the north. Generally, all parcels east of the eastern boundary are residential uses on residentially zoned parcels. The Property and Business Improvement District Law of 1994, California Streets & Highway Code § 36632 states, *“Properties zoned solely for residential use.....are conclusively presumed not to benefit from the improvements and service funded through these assessments and shall not be subject to any assessment pursuant to this part.”* Thus, no residential zoned/used parcel is included in the NSBID.

The NSBID will only provide services to the individual assessed parcels within the boundaries; services will not be provided to parcels that are not assessed. No NSBID programs and services will be provided east of the eastern NSBID boundary.

**Southern Boundary**

The southern boundary of the BID at Delaware Street is defined by the northerly terminus of the Downtown Berkeley BID. State BID Law precludes two property-based BIDs from overlapping, thus the southern NSBID boundary is Delaware Street.

The NSBID will only provide services to the individual assessed parcels within the boundaries; services will not be provided to parcels that are not assessed. No NSBID programs and services will be provided south of the southern NSBID boundary.

**Western Boundary**

The western boundary of the BID is generally the western property line of those North Shattuck Avenue parcels between Delaware Street on the south and Rose Street on the north. Generally, all parcels west of the western boundary are residential uses on residentially zoned parcels. The Property and Business Improvement District Law of 1994, California Streets & Highway Code § 36632 states, *“Properties zoned solely for residential use.....are conclusively presumed not to benefit from the improvements and service funded through these assessments and shall not be subject to any assessment pursuant to this part.”* Thus, no residential zoned/used parcel is included in the NSBID.

The NSBID will only provide services to the individual assessed parcels within the boundaries; services will not be provided to parcels that are not assessed. No NSBID programs and services will be provided west of the western NSBID boundary.

**Summation:**

A list of all parcels included in the proposed renewed NSBID is shown as Appendix 1, attached to this Report identified by their respective Alameda County assessor parcel number. The boundary of the proposed renewed NSBID is shown on the map of the proposed renewed NSBID in Appendix 2 of this Report.

All identified assessed parcels within the above-described boundaries shall be assessed to fund supplemental special benefit programs, services and improvements as outlined in this Report and in the Management District Plan. All NSBID funded services, programs and improvements provided within the above described boundaries shall confer special benefit to identified assessed parcels inside the NSBID boundaries and none will be provided outside of the NSBID. Each assessed parcel within the NSBID will proportionately and especially benefit from the NSBID funded programs and services (i.e. Civil Sidewalks, District Identity and Placemaking, Administration and Contingency).

These services, programs and improvements are intended to improve commerce, employment, rents and occupancy rates and investment viability of individually assessed parcels and businesses on them within the NSBID. The NSBID confers special benefits on each individually assessed parcel by reducing litter and debris, improving aesthetics and marketing goods and services available from individually assessed parcels and the businesses on them within the NSBID, all considered necessary in a competitive properly managed business district.

All NSBID funded services programs and improvements are supplemental, above normal base level services provided by the City of Berkeley and are only provided for the special benefit of assessed parcels within the boundaries of the proposed renewed NSBID.

The NSBID includes 54 parcels of which all are identified as assessable which are listed in the Assessment Roll included as Appendix 1.

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

**QUANTITATIVE BENEFIT ANALYSIS**

As stipulated in Article XIID Section 4(b) of the California Constitution, 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. For the purposes of this analysis, a “general benefit” is hereby defined as: “A benefit to properties in the area and in the surrounding community or benefit to the public in general resulting from the improvement, activity, or service to be provided by the assessment levied”. “Special benefit” as defined by the California State Constitution means a distinct benefit over and above general benefits conferred on real property located in the district or to the public at large.

The property uses within the boundaries of the NSBID that will receive special benefits from NSBID funded programs and services are currently an array of highly rated commercial retailers, restaurants, coffee shops, bakeries, grocery stores, professional businesses, and residential apartments. Services, programs and improvements provided and funded by the NSBID (i.e. Civil Sidewalks, District Identity and Placemaking, Administration and Contingency) are designed to provide special benefits to identified assessed parcels and the array of land uses within the boundaries of the NSBID as described in the Work Plan Details starting on page 10 of this Report.

The proposed renewed NSBID programs, improvements and services and Year 1 – 2021 budget allocations are shown in the Table below:

**Year 1 – 2021 NSBID Special Benefit Budget (Assessment Revenue Only)**

<b>WORK PLAN CATEGORY</b>	<b>ALLOCATION</b>	<b>%</b>
Civil Sidewalks	\$85,000	40.4062%
District Identity	\$52,000	24.7191%
Administration	\$63,000	29.9481%
Contingency	\$10,364	4.9267%
<b>TOTAL</b>	<b>\$210,364</b>	<b>100%</b>

The special benefits conferred on assessed parcels within the NSBID are particular and distinct to each and every identified assessed parcel within the NSBID and are not provided to non-assessed parcels outside of the NSBID. These programs, services and improvements will only be provided to each individual assessed parcel within the NSBID boundaries and, in turn, confer proportionate “special benefits” to each assessed parcel.

In the case of the NSBID, the very nature of the purpose of the NSBID is to fund supplemental programs, services and improvements to assessed parcels within the NSBID boundaries above and beyond what is being currently funded either via normal tax supported methods or other funding sources. The City of Berkeley does not provide these programs and services. All benefits derived from the assessments to be levied on assessed parcels within the NSBID are for services, programs and

improvements directly benefiting each individual assessed parcel within the NSBID. No NSBID funded services, activities or programs will be provided outside of the NSBID boundaries.

While every attempt is made to provide NSBID services and programs to confer benefits only to those identified assessed parcels within the NSBID, 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 2-6% 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 BIDs in California for which this Assessment Engineer has provided assessment engineering services since the enactment of Proposition 218, (Article XIIIID Section 4(b) of the California Constitution) have used Method #3, the composite district overlay determinant method which will be used for the NSBID. 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 NSBID

NSBID funded programs are narrowly designed and carefully implemented to specially benefit the assessed NSBID parcels and are only provided for the special benefit to each and every assessed parcel within the NSBID. It is the opinion of this Engineer, based on over 30 years of professional assessment engineering experience, that nearly 100% of benefits conferred on assessed parcels within the NSBID are distinct and special but in the case of the NSBID, it is projected that there are 0.25% general benefits conferred on these assessed parcels. This high ratio of special benefits to general benefits is because the NSBID funded programs and services are specially geared to the unique needs of each assessed parcel within the NSBID and are directed specially only to these assessed parcels within the NSBID. This concept is further reinforced by the proportionality of special benefits conferred on each assessed parcel within the NSBID as determined by the special benefit assessment formula as it is applied to the unique and varying property characteristics of each assessed parcel. The computed 0.25% general benefit value on the 86 assessed parcels within the NSBID equates to \$526 or (.25% x \$210,364).

General Benefit – Public At Large

While the NSBID funded programs are narrowly designed and carefully implemented to specially benefit the assessed NSBID properties and are only provided for the special benefit to each and every assessed parcel within the NSBID, these NSBID funded programs may also provide an incidental general benefit to the public at large within the NSBID. Assessment Engineering experience in California has found that generally well over 95% of people moving about within district 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 and the focused nature of the proposed renewed NSBID funded programs and over 30 years of assessment engineering experience, it is the opinion of this Engineer that general benefit factors for each of the NSBID funded special benefit program element costs that might provide an immediate general benefit to the public at large are as shown in the chart below. These factors are applied to each program element costs in order to compute the dollar and percent value of general benefits to the public at large. The total dollar value of this general benefit type equates to \$1,630 as delineated in the Table below:

**GENERAL BENEFITS TO “PUBLIC AT LARGE”**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>E</b>
<b>Program Element</b>	<b>Dollar Allocation</b>	<b>General Benefit Percent</b>	<b>General Benefit Factor</b>	<b>General Benefit Value (A x C)</b>
<b>Civil Sidewalks</b>	\$85,000	1.50%	0.0150	\$1,275
<b>District Identity</b>	\$52,000	0.40%	0.0040	\$208
<b>Administration</b>	\$63,000	0.20%	0.0020	\$126
<b>Contingency</b>	<u>\$10,364</u>	0.20%	0.0020	<u>\$21</u>
Total	\$210,364			\$1,630

Spillover General Benefits to Parcels Outside of NSBID

While NSBID programs and services will not be provided directly to parcels outside the NSBID boundaries, it is reasonable to conclude that NSBID services may confer an indirect general benefit on parcels immediately adjacent to the NSBID boundaries. An inventory of the NSBID boundaries finds that the NSBID is surrounded by 72 parcels, of which 1 is a commercial use and 71 are residential or public uses adjacent to or across a street or alley from the proposed renewed NSBID. There are 0 non-identified (i.e. not assessed) exempt parcels within the proposed renewed NSBID.

The 71 parcels outside the NSBID boundaries adjacent to or across streets or alleys from assessed parcels within the NSBID can reasonably be assumed to receive some indirect general benefit as a result of NSBID 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 54 identified assessed parcels within the NSBID; a benefit factor of 0.05 be attributed to general benefits conferred on the 1 commercial parcel adjacent to or across a street or alley from the proposed renewed NSBID; and a benefit factor of 0.005 be attributed to general benefits conferred on the 71 residential and public parcels adjacent to or across a street or alley from the proposed renewed NSBID.

The cumulative dollar value of this general benefit type equates to \$1,597 (\$195 + \$1,402) as delineated in the Table below:

**“Spillover” General Benefits**

Parcel Type	Quantity	Benefit Factor	Benefit Units	Benefit Percent	Benefit Value
Assessed Parcels Inside BID	54	1.000	54.00	99.2465%	\$210,364
Commercial Perimeter Parcels Outside BID	1	0.050	0.05	0.0919%	\$195
Other Perimeter Parcels Outside BID	71	0.005	0.36	<u>0.6616%</u>	<u>\$1,402</u>
TOTAL			54.41	100.00%	\$211,961

**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 NSBID, the public at large and parcels outside the NSBID equates to \$3,753 (\$526 + 1,630 + 1,597) or 1.7528% of the total benefits. The 1.7528% will be conservatively rounded up to 2% or \$4,293. This leaves a value of 98% assigned to special benefit related costs. The general benefit value of \$4,293 when added to the special benefit value of \$210,364 (Year 1 –2021 assessments) equates to a total Year 1 – 2021 benefit value of \$214,657. Remaining costs that are attributed to general benefits, will need to be funded by other sources such as grants, or event program income, and/or sponsorships.

A breakdown of projected special and general benefits for each year of the proposed 10-year term is shown in the following Table:

**10 Year Special + General Benefits**

YR	FY	PROGRAM CATEGORY	SPECIAL BENEFIT ASSESSMENTS	GENERAL BENEFIT NON-ASSESSMENTS	TOTAL ADJUSTED BENEFITS	% OF TOTAL
1	2021	Civil Sidewalks	\$85,000	\$1,735	\$86,735	40.4062%
		District Identity	\$52,000	\$1,061	\$53,061	24.7191%
		Administration	\$63,000	\$1,286	\$64,286	29.9481%
		Contingency	<u>\$10,364</u>	<u>\$211</u>	<u>\$10,575</u>	<u>4.9267%</u>
		Total	\$210,364	\$4,293	\$214,657	100.00%
2	2022	Civil Sidewalks	\$89,250	\$1,822	\$91,072	40.4062%
		District Identity	\$54,600	\$1,114	\$55,714	24.7191%
		Administration	\$66,150	\$1,350	\$67,500	29.9481%
		Contingency	<u>\$10,882</u>	<u>\$222</u>	<u>\$11,104</u>	<u>4.9267%</u>
		Total	\$220,882	\$4,508	\$225,390	100.00%
3	2023	Civil Sidewalks	\$93,713	\$1,913	\$95,626	40.4062%
		District Identity	\$57,330	\$1,170	\$58,500	24.7191%
		Administration	\$69,458	\$1,418	\$70,876	29.9481%
		Contingency	<u>\$11,426</u>	<u>\$233</u>	<u>\$11,659</u>	<u>4.9267%</u>
		Total	\$231,927	\$4,734	\$236,661	100.00%

NORTH SHATTUCK BUSINESS IMPROVEMENT DISTRICT – ASSESSMENT ENGINEER’S REPORT

4	2024	Civil Sidewalks	\$98,399	\$2,009	\$100,408	40.4062%
		District Identity	\$60,197	\$1,229	\$61,426	24.7191%
		Administration	\$72,931	\$1,489	\$74,420	29.9481%
		Contingency	<u>\$11,997</u>	<u>\$245</u>	<u>\$12,242</u>	<u>4.9267%</u>
		Total	\$243,524	\$4,972	\$248,496	100.00%
5	2025	Civil Sidewalks	\$103,319	\$2,109	\$105,428	40.4062%
		District Identity	\$63,207	\$1,290	\$64,497	24.7191%
		Administration	\$76,578	\$1,563	\$78,141	29.9481%
		Contingency	<u>\$12,597</u>	<u>\$257</u>	<u>\$12,854</u>	<u>4.9267%</u>
		Total	\$255,701	\$5,219	\$260,920	100.00%
6	2026	Civil Sidewalks	\$108,485	\$2,214	\$110,699	40.4062%
		District Identity	\$66,367	\$1,355	\$67,722	24.7191%
		Administration	\$80,407	\$1,641	\$82,048	29.9481%
		Contingency	<u>\$13,227</u>	<u>\$270</u>	<u>\$13,497</u>	<u>4.9267%</u>
		Total	\$268,486	\$5,480	\$273,966	100.00%
7	2027	Civil Sidewalks	\$113,909	\$2,325	\$116,234	40.4062%
		District Identity	\$69,685	\$1,423	\$71,108	24.7191%
		Administration	\$84,427	\$1,723	\$86,150	29.9481%
		Contingency	<u>\$13,888</u>	<u>\$284</u>	<u>\$14,172</u>	<u>4.9267%</u>
		Total	\$281,909	\$5,755	\$287,664	100.00%
8	2028	Civil Sidewalks	\$119,604	\$2,441	\$122,045	40.4062%
		District Identity	\$73,169	\$1,494	\$74,663	24.7191%
		Administration	\$88,648	\$1,809	\$90,457	29.9481%
		Contingency	<u>\$14,582</u>	<u>\$298</u>	<u>\$14,880</u>	<u>4.9267%</u>
		Total	\$296,003	\$6,042	\$302,045	100.00%
9	2029	Civil Sidewalks	\$125,584	\$2,563	\$128,147	40.4062%
		District Identity	\$76,827	\$1,569	\$78,396	24.7191%
		Administration	\$93,080	\$1,899	\$94,979	29.9481%
		Contingency	<u>\$15,311</u>	<u>\$313</u>	<u>\$15,624</u>	<u>4.9267%</u>
		Total	\$310,802	\$6,344	\$317,146	100.00%
10	2030	Civil Sidewalks	\$131,863	\$2,691	\$134,554	40.4062%
		District Identity	\$80,668	\$1,647	\$82,315	24.7191%
		Administration	\$97,734	\$1,994	\$99,728	29.9481%
		Contingency	<u>\$16,077</u>	<u>\$329</u>	<u>\$16,406</u>	<u>4.9267%</u>
		Total	\$326,342	\$6,661	\$333,003	100.00%

## **NSBID WORK PLAN**

### **Overview**

The Programs and activities to be funded by the NSBID include maintenance, safety, image enhancement, streetscape beautification and operations. The property uses within the boundaries of the NSBID that will receive special benefits from NSBID funded programs, services and improvements are currently an array of highly rated commercial retailers, restaurants, coffee shops, bakeries, grocery stores, professional businesses, and residential apartments. NSBID funded activities are primarily designed to provide special benefits as described below to identified assessed parcels and array of land uses within the boundaries of the NSBID.

These benefits are particular and distinct to each and every identified assessed parcel within the NSBID and are not provided to non-assessed parcels outside of the NSBID. These programs, services and improvements will only be provided to each individual assessed parcel within the NSBID boundaries and, in turn, confer proportionate "special benefits" to each assessed parcel.

In the case of the NSBID, the very nature of the purpose of this NSBID is to fund supplemental programs, services and improvements to assessed parcels within the NSBID boundaries above and beyond what is being currently funded either via normal tax supported methods or other funding sources. The City of Berkeley does not provide these supplemental programs and services. All benefits derived from the assessments to be levied on assessed parcels within the NSBID are for services, programs and improvements directly benefiting each individual assessed parcel within the NSBID. No NSBID funded services, activities or programs will be provided outside of the NSBID boundaries.

The total projected 10-year budget (special benefits) for FY2021 – FY2030 of the NSBID are shown in the Table on page 13 of this Report assuming a maximum increase of 5% per year, commensurate to special benefits received by each assessed parcel.

### **WORK PLAN DETAILS**

The services to be provided by the NSBID include Civil Sidewalks, District Identity and Placemaking, Administration and Contingency. Each of these work plan elements are designed to contribute to the cohesive commercial fabric and to ensure economic success and vitality of the NSBID. The assessed parcels in the BID will specially benefit from the NSBID programs in the form of increasing commerce and improving economic success and vitality through meeting the NSBID goals to maintain and improve the commercial core by providing services to attract customers in an effort to increase commerce, to increase building occupancy and lease rates.

The following programs, services and improvements are proposed by the NSBID to specially benefit each and every individually assessed parcel within the NSBID boundaries. NSBID services, programs and improvements will not be provided to parcels outside the NSBID boundary.

#### **Civil Sidewalks**

Civil Sidewalks is a term to define the cleanliness of the sidewalks in the proposed renewed NSBID

*Examples of Civil Sidewalk services and activities may include, but are not limited to:*

- Regular sidewalk and gutter sweeping
- Regular sidewalk steam cleaning

- Beautification of the district
- Enhanced trash emptying (over and above city services)
- Timely graffiti removal, within 48 hours as necessary
- Personnel to manage the in-house or contracted maintenance and/or security teams

The goal of the Civil Sidewalks work plan component is to ensure that all identified assessed parcels are clean and well maintained, thereby creating an attractive NSBID for the special benefit of each and every assessed NSBID parcel. These supplemental services will assist in creating a clean and orderly environment for the special benefit of each assessed parcel in the NSBID. A dirty environment deters commerce and may fail to attract patrons and visitors, and reduce commercial rents and commercial occupancies. For the array of land uses within the NSBID (i.e. an array of highly rated commercial retailers, restaurants, coffee shops, bakeries, grocery stores, professional businesses, and residential apartments), this work plan component is designed to increase pedestrian traffic, increase commerce and customer activity, attract and retain new business and patrons, and may increase commercial rents and commercial occupancies for the assessed parcels within the NSBID boundaries. Each assessed parcel will specially benefit from the Civil Sidewalks programs which will only be provided to, and for the direct benefit of, each identified assessed parcel within the NSBID boundaries.

### **District Identity and Placemaking**

The District Identity and Placemaking component strives to build and improve the identity of the NSBID.

The District Identity and Placemaking services would include, but not be limited to:

- Web site updating
- Funding of Social media and public relations
- Holiday and seasonal decorations
- Branding of the North Shattuck BID properties so a positive image is promoted to the public;
- Public art displays
- Public space design and improvements
- Development and project management of Special Events including the Snow Day Event, Chocolate and Chalk Art Festival, Taste of North Berkeley, Food and Wine Walk Event

In general, the District Identity and Placemaking component is designed to promote the image of NSBID and attract and increase pedestrian traffic.

The NSBID Identity program is also designed with the intent to increase the public’s awareness of the NSBID as a single destination in order to attract consumers to the rich collection of attractions, events, and services which will ultimately lead to increased commerce and increase awareness of the NSBID as a destination for consumers and tenants and increase occupancy and commerce on the assessed parcels. The website is designed to provide visitors information about the NSBID and comply with the open meetings and records provisions of the Brown Act.

### **Administration**

The Administration component includes activities such as: personnel, operations, professional services (e.g. legal, accounting, insurance), production of the Annual Planning Report and Budget, preparation for the regular and Annual Board meetings, preparation of taxes, City required quarterly reports,

facilitation of meetings of the Owners’ Association, Brown Act compliance, outreach to NSBID property and business owners, and participation in professional peer/best practice forums such as the the California Downtown Association or the International Downtown Association. It may also cover the costs associated with NSBID renewal.

The Administration component is key to the proper expenditure of NSBID assessment funds and the administration of NSBID programs and activities for the special benefit of all parcels and land uses within the NSBID. The Administration work plan component exists only for the purposes of the NSBID and directly relates to the implementation of cleaning and beautification, district identity and improvement programs and services, which specially benefit each identified assessed parcel within the NSBID boundaries.

**Contingency**

This work plan component sets aside a 5% contingency/reserve which provides for costs related to operating the NSBID. Those costs may include, but not be limited to:

- City and/or County fees associated with their oversight and implementation of the NSBID,
- The implementation of the Management Plan and the Engineer’s Report.
- City fees to collect and process the assessments, delinquencies and non-payments. A percent of the budget is held in reserve to offset delinquent and/or slow payment of assessments. This component also funds any government expenses charged for collection and distribution of NSBID revenue.
- Other unanticipated costs related to the compliance of the Management District Plan and Engineer’s report.
- Funding for renewal of the NSBID;

In summary, all NSBID funded services, programs and improvements described above confer special benefits to identified assessed parcels inside the NSBID boundaries and none will be provided outside of the NSBID. Each assessed parcel within the NSBID will proportionately specially benefit from the Civil Sidewalks, District Identity, Administration and Contingency components of the Management Plan. All NSBID funded services programs and improvements are considered supplemental, above normal base level services provided by the City of Berkeley and are only provided for the special benefit of each assessed parcel within the boundaries of the NSBID.

**WORK PLAN BUDGET**

Each identified assessed parcel within the NSBID will be assessed the full amount of the proportionate special benefit conferred upon it based on the level of NSBID funded services provided. The projected NSBID program cost allocation (special benefit) budget for Year 1 (FY2021) is shown in the following Table:

**NSBID Year 1 (FY2021) Special Benefit Assessment Budget**

<b>WORK PLAN CATEGORY</b>	<b>ALLOCATION</b>	<b>%</b>
Civil Sidewalks	\$85,000	40.4062%
District Identity	\$52,000	24.7191%
Administration	\$63,000	29.9481%
Contingency	\$10,364	4.9267%
<b>TOTAL</b>	<b>\$210,364</b>	<b>100%</b>

In order to carry out the NSBID programs outlined in the previous section, a Year 1 assessment budget of \$210,908 is projected. Since the NSBID is planned for a 10-year term, projected program costs for future years (Years 2-10) are set at the inception of the NSBID. While future inflationary and other program cost increases are unknown at this point, a built in maximum increase of 5% per annum, commensurate to special benefits received by each assessed parcel, is incorporated into the projected program costs and assessment rates for the 10-year NSBID term. It is noted that the 5% maximum annual rate increase is deemed necessary in order to offset substantial service and improvement cost increases projected over the next several years and to provide levels of service and types of improvements expected and requested by NSBID stakeholders. Carryovers, if any, may be reapportioned the following year for related programs, services and improvements. Detailed annual budgets will be prepared by the Owner’s Association Board and included in an Annual Plan or Report for the Berkeley City Council’s review and approval.

It is recognized that market conditions may cause the cost of providing goods and services to fluctuate from year to year during the 10-year term of the proposed renewed NSBID. Accordingly, the Owners’ Association shall have the ability to reallocate up to 10% of any budget line item within the budget categories based on such cost fluctuations subject to the review and approval by the Owners’ Association Board and included in the Annual Planning Report that will be approved by the Berkeley City Council pursuant to Streets and Highways Code Section 36650. Any accrued interest or delinquent payments may be expended in any budget category. A 10-year projected NSBID budget is shown in the following Table:

**YEAR 1-10 PROJECTED DISTRICT ASSESSMENT BUDGET SUMMARY (Special Benefits)**  
 (Assumes 5% max rate increase per year)

YR	FY	Civil Sidewalks	District Identity	Administration	Contingency	TOTAL
		40.4062%	24.7191%	29.9481%	4.9267%	100.00%
1	2021	\$85,000	\$52,000	\$63,000	\$10,364	\$210,364
2	2022	\$89,250	\$54,600	\$66,150	\$10,882	\$220,882
3	2023	\$93,713	\$57,330	\$69,458	\$11,426	\$231,927
4	2024	\$98,399	\$60,197	\$72,931	\$11,997	\$243,524
5	2025	\$103,319	\$63,207	\$76,578	\$12,597	\$255,701
6	2026	\$108,485	\$66,367	\$80,407	\$13,227	\$268,486
7	2027	\$113,909	\$69,685	\$84,427	\$13,888	\$281,909
8	2028	\$119,604	\$73,169	\$88,648	\$14,582	\$296,003
9	2029	\$125,584	\$76,827	\$93,080	\$15,311	\$310,802
10	2030	\$131,863	\$80,668	\$97,734	\$16,077	\$326,342

The NSBID assessments may increase for each individual parcel each year during the 10-year effective operating period, but not to exceed 5% per year, commensurate to special benefits received by each assessed parcel, and must be approved by the Owners’ Association Board of Directors, included in the Annual Planning Report and adopted by the Berkeley City Council. Any accrued interest and delinquent payments will be expended within the budgeted categories. The Owners’ Association Board of the Directors (“Property Owner’s Association of the NSBID) shall determine the percentage increase to the annual assessment and the methodology employed to determine the amount of the increase. The Owners’ Association Executive Director shall communicate the annual increase to the City each year

in which the NSBID operates at a time determined in the Administration Contract held between the Owners’ Association and the City of Berkeley.

No bonds are to be issued in conjunction with the proposed renewed NSBID.

Pursuant to Section 36671 of the Streets and Highways Code, any funds remaining after the 10th year of operation will be rolled over into the renewal budget or returned to stakeholders. NSBID assessment funds may be used to pay for costs related to the following NSBID renewal term. If the NSBID is not renewed or terminated for any reason, unexpended funds will be returned to the property owners.

**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 assessed parcel within the district will be assessed based on property characteristics unique only to that parcel. Based on the specific needs and corresponding nature of the program activities to be funded by the proposed renewed NSBID (i.e. Civil Sidewalks, District Identity and Placemaking, Administration and Contingency). 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 calculated assessment rates are applied to the actual measured parameters of each parcel and thereby are proportional to each and every other identified assessed parcel within the district. Larger buildings and parcels and/or ones with larger frontages are expected to impact the demand for services and programs to a greater extent than smaller building, land and/or street frontages and thus, are assigned a greater 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 proportionate formula components and is listed as an attachment to the Management NSBID Plan and this Report. The individual percentages (i.e. proportionate relationship to the total special benefit related program and activity costs) is computed by dividing the individual parcel assessment by the total special benefit program costs.

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

Not only are the proposed program costs reasonable due to the benefit of group purchasing and contracting which would be possible through the proposed renewed NSBID, they are also considerably less than other options considered by the NSBID Renewal Committee. The actual assessment rates for each parcel within the NSBID directly relate to the level of service and, in turn, special benefit to be conferred on each parcel based on the respective building area, land area and street frontage of each parcel within one benefit zone.

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

The State Constitution - Article 13D (Proposition 218) states that “parcels within a NSBID that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly-owned parcels in fact receive no special benefit.”

There are currently, no publicly owned parcels within the NSBID.

There is no compelling evidence that future publicly owned parcels would not proportionately specially benefit from NSBID funded programs, services and improvements as delineated herein and, thus, will be assessed similar to privately owned parcels, if and when this occurs.

**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 proposed renewed NSBID.

**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 in Appendix 1 to the Management District Plan and this Report. The proposed renewed NSBID and resultant assessment levies will continue for 10-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 and street frontage.

### **Assessment Formula Methodology**

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

**Background - Assessment Formula Development**

The method used to determine special benefits derived by each identified assessed 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 NSBID, 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 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 district in order to determine any levels of different benefit that 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 Article XIID Section 4(b) of the California Constitution, and now required of all property-based assessment districts, indirect or general benefits costs may not be incorporated into the assessment formula and levied on the district properties; only direct or “special” benefits and costs may be considered. Indirect or general benefit costs, if any, must be identified and, if quantifiable, calculated and factored out of the assessment cost basis to produce a “net” cost figure. In addition, Article XIID Section 4(b) of the California Constitution also no longer automatically exempts publicly owned property from being assessed unless the respective public agency can provide clear and convincing evidence that their property does not specially benefit from the programs and services to be funded by the proposed special assessments. (See page 15, Finding 5 regarding Publicly owned parcels). If special benefit is determined to be conferred upon such properties, they must be assessed in proportion to special benefits conferred in a manner similar to privately owned property assessments.

From the estimated net program costs, 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 benefitting properties within the district.

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

### **NSBID Assessment Formula**

Based on the specific needs and corresponding nature of the program activities to be funded by the proposed renewed NSBID (i.e. an array of highly rated commercial retailers, restaurants, coffee shops, bakeries, grocery stores, professional businesses, and residential apartments) 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 “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”). Based on the shape of the proposed renewed NSBID, as well as the nature of the NSBID 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 area, land area and street frontage within one benefit zone.

For the array of land uses within the BID, the interactive application of building and land areas and street frontage quantities are a proven method of fairly and equitably spreading special benefit costs to these beneficiaries of BID funded services, programs and improvements. Each of these factors directly

relates to the degree of special benefit each assessed parcel will receive from BID funded activities. There are no parcels zoned solely residential within NSBID.

Building area is a direct measure of the static utilization of each parcel and its corresponding impact or draw on BID funded activities. In the opinion of this Assessment Engineer, the targeted weight of this factor, building area, should generate approximately 40% of the total NSBID revenue (40.94481% when adjusted for precise parcel measurements and program costs).

Land area is a direct measure of the current and future development capacity of each parcel and its corresponding impact or draw on NSBID funded activities. In the opinion of this Assessment Engineer, the targeted weight of this factor, land area, should generate approximately 30% of the total BID revenue (30.0996% when adjusted for precise parcel measurements and program costs).

Street Frontage is a direct measure of the current and future development capacity of each parcel and its corresponding impact or draw on BID funded activities. Street frontage includes all public street frontages of a parcel. In the opinion of this Assessment Engineer, the targeted weight of this factor, street frontage, should generate approximately 30% of the total NSBID revenue (28.95559% when adjusted for precise parcel measurements and program costs).

### **Special Circumstances**

#### **1. Commercial Condominiums (Future)**

Ground floor commercial condominiums will be treated as independent “mini” commercial buildings and assessed based on their actual building square footage, the footprint of land they cover and the amount of direct primary street frontage on the exterior of the building. Ground floor commercial condominiums will be assessed at the full assessment rates in effect at the time such units are built. If upper floor commercial condominiums are included in a development complex, then all commercial condominium units in the complex shall be assessed for their respective building areas and a pro-rated portion of the total parcel land area and street frontage at the full assessment rates in effect at the time such units are built.

#### **2. Residential Condominiums (Future)**

Residential condominiums regardless of their location in a development complex shall be assessed at the building area assessment rate in effect at the time they are built. Such units shall not be assessed for land area nor street frontage.

#### **3. Changes to Building or Parcel Size**

Any changes in building size, parcel size and street frontage(s) as a result of new construction or demolition or land adjustments including but not limited to lot splits, consolidations, subdivisions, street dedications, right of way setbacks shall have their assessment adjusted upon final City approval of such parcel adjustments.

#### **4. Other 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 Plan 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 specially benefiting parcels within the NSBID and their respective assessable benefit units, the rates, cumulative quantities and assessment revenues by factor are shown in the following Tables:

**Year 1 – FY 2021 - Assessable Benefit Units**

<b>BLDG AREA (SF)</b>	<b>LAND AREA (SF)</b>	<b>STREET FRONTAGE (LF)</b>	<b># OF ASSESABLE PARCELS</b>
538,331	633,186	5,076	54

**Year 1 – FY 2021 Projected Assessment Revenue**

<b>BLDG ASSMT \$</b>	<b>LAND ASSMT \$</b>	<b>STREET FRONTAGE ASSMT REVENUE</b>	<b>SUBTOTAL ASSMT REVENUE</b>
\$86,132.96	\$63,318.60	\$60,912.00	\$210,363.56
40.94481%	30.09960%	28.95559%	100.00%

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

The number of Benefit Units for each identified benefiting parcel within the proposed renewed NSBID was computed from data extracted from County Assessor records and maps (Lot Frontage) and from the City of Berkeley’s land management database with inputs from the building and planning departments (Building Square Footage, or BSF, and Lot Square Footage, LSF). 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 NSBID for their review. If a property owner believes there is an error on a parcel’s assessed footages, the NSBID may confirm the data with the County Assessor’s office or the City of Berkeley. If NSBID data matches the Assessor’s lot frontage data, or the City’s BSF or LSF data the property owner may opt to work with the Assessor’s office or the City to correct the data so that the NSBID assessment may 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 NSBID assessments will be based on building area, land area, and street frontage.

The proposed assessment formula is as follows:

$$\text{Assessment} = \text{Building Area (Unit A) Sq Ft x Unit A Rate, plus} \\ \text{Land Area (Unit B) Sq Ft x Unit B Rate, plus} \\ \text{Street Frontage (Unit C) Lin Ft x Unit C Rate}$$

**YEAR 1 –2019/20 Assessment Rates**

<b>BLDG ASSMT RATE (\$/SF)</b>	<b>LAND ASSMT RATE (\$/SF)</b>	<b>STREET FRONTAGE ASSMT RATE (\$/LF)</b>
\$0.16	\$0.10	\$12.00

The complete Year 1 – FY 2021 assessment roll of all parcels to be assessed by this NSBID is included in this Plan as Appendix I.

**Assessment Formula Unit Rates**

Using figures from the Assessable Benefit Units Table and the Projected Assessment Revenue Table on page 18 of this Report, the assessment rates and weighted multipliers for each factor are calculated as follows:

Building Area Rate (Unit A)

$$(\$210,363.56 \times 40.94481\%) / 538,331 \text{ units} = \$0.16/\text{sq ft building area}$$

Land Area Rate (Unit B)

$$(\$210,363.56 \times 30.09960\%) / 633,186 \text{ units} = \$0.10/\text{sq ft land area}$$

Street Frontage Rate (Unit C)

$$(\$210,363.56 \times 28.95559\%) / 5,076 \text{ units} = \$12.00/\text{lin ft street frontage}$$

**Step 5. Estimate Total NSBID Costs**

The total projected 10-year budget (special benefits) for 2021 – 2030 of the NSBID are shown in the Table on page 13 of this Report assuming a maximum increase of 5% per year, commensurate to special benefits received by each assessed parcel.

**Step 6. Separate General Benefits from Special Benefits and Related Costs (Article XIID Section 4(b) of the California Constitution – Proposition 218)**

Total Year 1 total benefits are estimated at \$214,657. General benefits are factored at 2.0% of the total benefits (see Finding 2 on pages 5-19 of this Report) with special benefits set at 98%. Article XIID Section 4(b) of the California Constitution limits the levy of property assessments to costs attributed to special benefits only. The 2% general benefit cost is computed to be \$4,293 with a resultant 98% special benefit limit computed at \$210,364. *Based on current property data and land uses, this is the maximum amount of Year 1 (2021) revenue that can be derived from property assessments from the subject NSBID.* All program costs associated with general benefits will be funded from sources other than NSBID assessments such as grants, program income, membership dues and credits.

**Step 7. Calculate “Basic Unit Cost”**

With a YR 1 – FY 2021 assessment revenue portion of the budget set at \$210,364 (special benefit only), the Basic Unit Costs (rates) are shown earlier in Step 4. Since the NSBID is proposed to be renewed for a 10-year term, maximum assessments for future years (2022-2030) must be set at the inception of the proposed renewed NSBID. An annual inflationary assessment rate increase of up to 5%, commensurate to special benefits received by each assessed parcel, may be imposed for future year assessments, on approval by the NSBID Property Owner’s Association. The maximum assessment rates for the 10-year proposed renewed NSBID term of 2021-2030 are shown in the Table below. The assessment rates listed constitute the maximum assessment rates that may be imposed for each year of the proposed renewed NSBID term (FY2021-2030).

**NSBID – 10 Year Maximum Assessment Rates  
(Includes a 5%/Yr. Max Increase)**

YEAR (FY)	BLDG ASSMT RATE (\$/SF)	LAND ASSMT RATE (\$/SF)	FRONTAGE ASSMT RATE (\$/LF)
YR 1-FY 2021	\$0.160	\$0.10	\$12.00
YR 2- 2022	\$0.1680	\$0.1050	\$12.6000
YR 3- 2023	\$0.1764	\$0.1103	\$13.2300
YR 4- 2024	\$0.1852	\$0.1158	\$13.8915
YR 5- 2025	\$0.1945	\$0.1216	\$14.5861
YR 6-2026	\$0.2042	\$0.1277	\$15.3154
YR 7-2027	\$0.2144	\$0.1341	\$16.0812
YR 8-2028	\$0.2251	\$0.1408	\$16.8853
YR 9-2029	\$0.2364	\$0.1478	\$17.7296
YR 10-2030	\$0.2482	\$0.1552	\$18.6161

**Step 8. Spread the Assessments**

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

**Miscellaneous NSBID Provisions**

**Time and Manner of Collecting Assessments:**

Assessments for the Property Tax Year beginning July 1, 2020 and ending June 30, 2030, shall be collected at the same time and in the same manner as ad valorem taxes paid to the Alameda County (Operation Years 2021-2030). The NSBID assessments shall appear as a separate line item on the property tax bills issued by the Alameda County Assessor. The City of Berkeley is authorized to collect any assessments not placed on the County tax rolls, or to place assessments, unpaid delinquent assessments, or penalties on the County tax rolls as appropriate to implement the Management NSBID Plan.

**Bonds:** No bonds are to be issued in conjunction with this proposed renewed NSBID.

**Duration**

As allowed by State BID Law, the NSBID will have a ten (10) year operational term from January 1, 2021 to December 31, 2030. The proposed renewed NSBID operation is expected to begin services on January 1, 2021. If the NSBID is not renewed at the end of its proposed 10 year term, services will end on December 31, 2030.

# APPENDIX 1

## NSBID YR 1 – 2021 ASSESSMENT ROLL

## NORTH SHATTUCK BUSINESS IMPROVEMENT DISTRICT – ASSESSMENT ENGINEER’S REPORT

Assessor Parcel Number	Site #	Site Street	Building Area	Land Area	Street Frontage	Year 1-2021 Assessment
058 -2173-002-03	1600	SHATTUCK AVE #1010	29,500	23,875	141	\$8,799.50
058 -2173-004-00	1620	SHATTUCK AVE	2,044	1,698	35	\$916.84
058 -2173-005-00	1650	SHATTUCK AVE	1,700	4,600	103	\$1,968.00
058 -2174-001-00	1652	SHATTUCK AVE	4,296	3,969	42	\$1,588.26
058 -2174-002-00	1654	SHATTUCK AVE	3,117	3,142	33	\$1,208.92
058 -2174-003-00	1662	SHATTUCK AVE	2,950	2,835	30	\$1,115.50
058 -2174-004-01	1670	SHATTUCK AVE	2,617	3,299	35	\$1,168.62
058 -2174-006-02	1690	SHATTUCK AVE	10,896	15,761	135	\$4,939.46
058 -2175-001-01	1700	SHATTUCK AVE	8,976	12,730	95	\$3,849.16
058 -2175-003-00	1708	SHATTUCK AVE	2,872	5,163	40	\$1,455.82
058 -2175-004-00	1720	SHATTUCK AVE	624	2,175	35	\$737.34
058 -2175-005-00	1730	SHATTUCK AVE	1,340	2,819	50	\$1,096.30
058 -2175-006-00	1748	SHATTUCK AVE	2,500	2,625	50	\$1,262.50
058 -2176-001-01	1752	SHATTUCK AVE	1,160	10,350	115	\$2,600.60
058 -2176-003-01	2083	DELAWARE	33,006	19,065	155	\$9,047.46
058 -2177-015-01	1797	SHATTUCK AVE	56,931	19,340	200	\$13,442.96
058 -2178-018-00	2109	VIRGINIA ST	9,480	22,425	200	\$6,159.30
058 -2178-023-00	1619	SHATTUCK AVE	1,850	5,175	45	\$1,353.50
058 -2178-024-01	1607	SHATTUCK AVE	17,530	29,657	252	\$8,794.50
058 -2178-026-00	1625	SHATTUCK AVE	4,760	4,025	35	\$1,584.10
058 -2178-027-00	1625	SHATTUCK AVE	11,450	4,025	35	\$2,654.50
058 -2178-028-00	1625	SHATTUCK AVE	11,450	4,025	35	\$2,654.50
059 -2260-001-00	2100	VINE ST	10,090	8,958	100	\$3,710.20
059 -2260-002-01	2110	VINE ST	28,520	19,263	150	\$8,289.50
059 -2260-015-01	1549	SHATTUCK AVE	2,255	3,720	40	\$1,212.80
059 -2260-015-02	1543	SHATTUCK AVE	4,813	5,251	62	\$2,039.18
059 -2260-016-00	1537	SHATTUCK AVE	7,271	5,520	45	\$2,255.36
059 -2260-017-00	1533	SHATTUCK AVE	3,780	5,355	45	\$1,680.30
059 -2260-018-00	1531	SHATTUCK AVE	13,038	7,200	60	\$3,526.08
059 -2260-019-00	1525	SHATTUCK AVE	5,064	7,380	60	\$2,268.24
059 -2260-020-03	1519	SHATTUCK AVE	7,642	8,330	70	\$2,895.72
059 -2260-021-00	1517	SHATTUCK AVE	2,423	3,720	30	\$1,119.68
059 -2260-022-01	1515	SHATTUCK AVE	2,256	3,240	30	\$1,044.96
059 -2260-022-02	1511	SHATTUCK AVE	9,537	8,427	70	\$3,208.62
059 -2261-001-02	1451	SHATTUCK AVE	17,932	33,750	377	\$10,768.12
059 -2261-004-03	1444	WALNUT ST	8,548	4,400	40	\$2,287.68
059 -2261-005-00	2113	VINE ST	1,280	4,407	40	\$1,125.50
059 -2261-006-00	2111	VINE ST	6,711	4,400	40	\$1,993.76
059 -2261-007-00	1495	SHATTUCK AVE	6,750	6,750	75	\$2,655.00
059 -2261-008-00	1481	SHATTUCK AVE	2,555	3,150	35	\$1,143.80
059 -2261-009-00	1475	SHATTUCK AVE	3,400	3,590	40	\$1,383.00
059 -2261-010-00	1463	SHATTUCK AVE	5,664	6,300	73	\$2,412.24
059 -2262-001-00	1400	SHATTUCK AVE	19,118	9,338	148	\$5,768.68
059 -2262-005-00	1480	SHATTUCK AVE	2,369	11,900	120	\$3,009.04
059 -2262-006-00	2085	VINE ST	3,091	4,200	35	\$1,334.56
059 -2262-021-02	1425	HENRY ST	50,528	84,942	518	\$22,794.68
059 -2262-021-03	1425	HENRY ST		6,098	96	\$1,761.80
059 -2263-003-01	2044	VINE ST	10,094	15,525	115	\$4,547.54

NORTH SHATTUCK BUSINESS IMPROVEMENT DISTRICT – ASSESSMENT ENGINEER’S REPORT

059 -2263-006-01	1516	SHATTUCK AVE	11,813	12,960	95	\$4,326.08
059 -2263-009-00	1540	SHATTUCK AVE	5,515	4,050	30	\$1,647.40
059 -2263-010-01	1550	SHATTUCK AVE	37,323	85,050	300	\$18,076.68
059 -2263-024-01	1536	SHATTUCK AVE		16,959	60	\$2,415.90
060- 2455-064-01	2095	ROSE ST	3,702	10,075	135	\$3,219.82
060- 2455-067-00	2091	ROSE ST	24,200	16,200	46	\$6,044.00

# APPENDIX 2

## NSBID BOUNDARY MAP

Map of North Shattuck Business Improvement District -2020



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

AUTHORIZING THE CITY MANAGER TO EXECUTE A CONTRACT WITH NORTH SHATTUCK ASSOCIATION TO IMPLEMENT THE MANAGEMENT DISTRICT PLAN FOR THE NORTH SHATTUCK BUSINESS IMPROVEMENT DISTRICT

WHEREAS, the North Shattuck Association (NSA) has proven to be an effective partner implementing the Management District Plan for the North Shattuck Business Improvement District since its establishment in 2001; and

WHEREAS, the NSA has worked steadily for nearly twenty years to develop and implement programs that address a wide range of important commercial revitalization issues and improve the economic vitality of the North Shattuck commercial district; and

WHEREAS, the NSA's dedication is recently reflected in the organization's efforts to re-establish the North Shattuck Business Improvement District (NSBID) for another ten years; and

WHEREAS, on June 16, 2020, the City Council held a public hearing, after which it adopted a Resolution Re-establishing the North Shattuck Business Improvement District starting July 1, 2020 and levying an annual assessment for fiscal year 2021; and

WHEREAS, the NSBID has been established for a term of ten years from July 1, 2020 to June 30, 2030 and assures a future source of revenue for the service, provided assesses or Council do not take action to dis-establish the NSBID; and

WHEREAS, the NSBID Management District Plan allows the Owners' Association to approve assessment increases by up to 5% per year to cover inflation costs.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is hereby authorized to execute a contract with the North Shattuck Association to implement the adopted District Management Plan for the North Shattuck Business Improvement District and any currently available carry forward from prior years payments of the North Shattuck BID funds to implement the adopted District Management Plan for the NSBID. A record signature copy of said contract and any amendments are to be filed in the Office of the City Clerk.

BE IT FURTHER RESOLVED by the City Council of the City of Berkeley to authorize the City Manager to execute a sole source contract and any amendments with the North Shattuck Association (NSA) not to exceed \$2,652,778.15 of NSBID funds to support the North Shattuck area for the period July 1, 2020 to June 30, 2030 (FYs 21-30), through the expiration of the NSBID.

**NOTICE OF PUBLIC HEARING  
BERKELEY CITY COUNCIL**

**RE-ESTABLISHING THE NORTH SHATTUCK BUSINESS  
IMPROVEMENT DISTRICT AND LEVYING SPECIAL ASSESSMENTS IN  
THE DISTRICT**

NOTICE IS HEREBY GIVEN that on April 14, 2020, the City Council (the “Council”) of the City of Berkeley (the “City”) adopted a Resolution of Intention to renew the North Shattuck Business Improvement District (the “NSBID”) and to levy assessments within the District.

NOTICE IS HEREBY FURTHER GIVEN that the time for a public hearing is set for 6:00 PM on June 16, 2020, at which time the Council proposes to renew the NSBID and to levy the proposed assessment as set forth in the Resolution of Intention. The NSBID will be renewed for a ten (10) year period beginning July 1, 2020 through June 30, 2030.

NOTICE IS HEREBY FURTHER GIVEN that ballots must be voted, signed and mailed to the Berkeley City Clerk, 2180 Milvia Street, Berkeley, CA 94704. Ballots may be submitted to the City Clerk on Tuesday, June 16, 2020 starting at 6:00 p.m. at the School District Board Room, 1231 Addison Street. To be counted, a ballot must be voted, signed and received by the City Clerk no later than the close of the public hearing on June 16, 2020. All ballots will remain sealed until the tabulation of the ballots. All ballots returned to the City Clerk by the end of the public hearing on June 16, 2020 will be tabulated upon the close of the public hearing and weighted according to the proportional financial obligation of the affected property.

A copy of the agenda material for this hearing will be available on the City’s website at [www.CityofBerkeley.info](http://www.CityofBerkeley.info) as of **June 4, 2020**.

For further information, please contact Jordan Klein, Office of Economic Development, (510) 981-7530.

**PUBLIC ADVISORY: THIS MEETING WILL BE CONDUCTED EXCLUSIVELY  
THROUGH VIDEOCONFERENCE AND TELECONFERENCE**

Pursuant to Section 3 of Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, this meeting of the City Council will be conducted exclusively through teleconference and Zoom videoconference. Please be advised that pursuant to the Executive Order, and to ensure the health and safety of the public by limiting human contact that could spread the COVID-19 virus, there will not be a physical meeting location available.

To access the meeting remotely using the internet: Join from a PC, Mac, iPad, iPhone, or Android device: Use URL – <https://us02web.zoom.us/j/81458990553>. If you do not

wish for your name to appear on the screen, then use the drop down menu and click on "rename" to rename yourself to be anonymous. To request to speak, use the "raise hand" icon on the screen.

To join by phone: Dial **1-669-900-9128** and Enter Meeting ID: **814 5899 0553**. If you wish to comment during the public comment portion of the agenda, press \*9 and wait to be recognized by the Chair.

Written comments should be mailed directly to the City Clerk, 2180 Milvia Street, Berkeley, CA 94704, or emailed to [council@cityofberkeley.info](mailto:council@cityofberkeley.info) in order to ensure delivery to all Councilmembers and inclusion in the agenda packet.

Communications to the Berkeley City Council are public record and will become part of the City's electronic records, which are accessible through the City's website. **Please note: e-mail addresses, names, addresses, and other contact information are not required, but if included in any communication to the City Council, will become part of the public record.** If you do not want your e-mail address or any other contact information to be made public, you may deliver communications via U.S. Postal Service. If you do not want your contact information included in the public record, please do not include that information in your communication. Please contact the City Clerk at 981-6900 or [clerk@cityofberkeley.info](mailto:clerk@cityofberkeley.info) for further information.

**Posted:** June 4, 2020

Notice is pursuant to section 36623 of the Act and section 53753 of the Government Code, which requires that the agency shall give notice by mail to the record owner of each identified parcel.

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I hereby certify that the Notice for this Public Hearing of the Berkeley City Council was posted at the display case located near the walkway in front of the Maudelle Shirek Building, 2134 Martin Luther King Jr. Way, as well as on the City's website, on June 4, 2020.

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Mark Numainville, City Clerk

