



The Downtown Hayward Community Benefit District 2017 Management District Plan

Final Plan – August 2017

Formed Under Article 20, Chapter 8 of the Hayward Municipal Code

Prepared by:
New City America, Inc.
and
The Downtown Hayward CBD Steering Committee



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Downtown Hayward Community Benefit District (CBD) Management District Plan

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Attachment:

A. Engineer's Report

Section 1

Management District Plan Summary

In the summer of 2014, a new Downtown Hayward Community Benefit District Steering Committee was established to survey Downtown property owners about their feelings on the creation of an enhanced services assessment district. The Steering Committee consisted of long time property owners in Downtown Hayward, the City of Hayward and New City America, a consulting company that works in this field in the Bay Area.

Survey results from 2015 show that property owners believe the image of Downtown Hayward is probably its weakest asset. Consequently, a Steering Committee was tasked to explore this issue and identify possible remedies. The Committee identified CBD establishment as a vehicle for image enhancement.

In summary, a Downtown Hayward CBD is a special benefits assessment district whereby property owners would pay for, and control the assessments they generate through the CBD. The CBD can fund solutions to safety and homeless/vagrancy problems; fund sidewalk cleanliness, install/improve decorative amenities such as street furniture/fixtures/equipment/lighting; promote and enhance the brand/image of Downtown; manage events; create a strong social media presence and promote public relations for Downtown businesses; and other activities that are warranted. The purpose of the CBD is to increase commerce, increase rents, attract new businesses and development and manage all aspects of Downtown Hayward.

Most importantly, the new Downtown Hayward CBD can fund campaigns and marketing programs that improve the name “Downtown Hayward” to the general public and attract consumers from a 10 – 15 miles radius of Downtown.

The name of this Community Benefit District is the Downtown Hayward Community Benefit District (the “CBD”). The District is being formed pursuant to Article 20 in Chapter 8 of the Hayward Municipal Code hereinafter referred to as the “Ordinance.”

Developed by the Downtown Hayward CBD Steering Committee – this Management District Plan is proposed to improve and provide special benefits to individual parcels located within the boundaries of the proposed 2015 Downtown Hayward Community Benefit District. The proposed CBD will provide special benefit district improvements and activities, including cleaning, security, beautification, district identity services, business attraction, promoting commerce, attracting new residential development, possible transportation related activities and other special benefit programs to parcels within the boundaries of the proposed district.

Recent Changes in Downtown Hayward

In 2011, the State Legislature ordered the 408 Redevelopment Agencies in the state to be dismantled and the funds returned to the Counties, school districts and cities, instead of being reinvested in the redevelopment areas. A lawsuit was filed to stop this elimination of redevelopment agencies by the California League of cities and in late 2012, the California Supreme Court ruled that all redevelopment agencies had to cease to exist by February 2013. Therefore, the financial tool that the City of Hayward used for decades to fund Downtown improvements no longer exists.

In the past, the opportunity to fund pedestrian lighting, new sidewalks, and public improvements in Downtown Hayward has typically been through this redevelopment tax-increment financing.

But in a post-redevelopment environment, how do property owners make sure that Downtown's brand will become positive, that vacancies won't remain high, that greater demand will be placed on the buildings resulting in greater rental rates, that commerce will increase for retailers and that the public rights of way will become more orderly and attractive? That was the basis for the investigation of a new Downtown Hayward CBD.

Downtown Hayward has many things going for it, including the following:

1. *Excellent linear retail corridors along A and B Streets and Foothill with historic buildings throughout the district; (though B Street has too many vacancies currently);*
2. *Major anchors including City Hall (with its hundreds of employees) and the movie theatre complex at B Street and Foothill which brings thousands of movie goers to the Downtown every week, two grocery stores and many consumer amenities;*
3. *Easy access from all major East Bay freeways and Foothill Blvd;*
4. *A strong student base with over 14,000 students at CSU East Bay and over 13,000 at Chabot Community College;*
5. *An extensive inventory of structured and street parking yielding over 1,500 parking spaces throughout the District;*
6. *A BART station in Downtown (BART stations will generate the highest property values in the next 20 years throughout the Bay Area);*
7. *Downtown Hayward already has a small inventory of market rate housing near the BART station and has the ability to have hundreds of more units either in or directly surrounding Downtown. This would extend the Downtown retail day and put much more demand on commercial spaces on B and A Streets.*
8. *Cultural and public amenities including adjacent parks, the Post Office, the Historical Society Center, public spaces (in need of activation but at least they are there) and a charming walkable ambiance.*
9. *Pending development of the old Mervyns Headquarters site which will contain, once completed, 80,000 square foot of retail space and hundreds of new residential units;*

Boundaries:

The boundaries shall include approximately 24 whole or partial blocks with 238 parcels owned by 150 property owners. See Downtown Hayward Proposed Special Benefit District Zones map in Section 2, pages 13 - 15. The District is generally bounded by Civic Center Drive and Hazel Avenue on the north, D Street on the south the Downtown Hayward BART station on the west and both sides of 2nd Avenue from Russell to C Street on the east. Any current single family residential land uses included in the proposed district have been minimally assessed due to the reduced amount of anticipated special benefit they will receive. If and when these single family residential uses have been converted to multi-family or commercial/retail/office uses, they will then be fully assessed, based upon the assessment methodology set forth in this plan and special benefits will be delivered to those individual parcels consistent with their benefit zone.

Budget:

The total first year Downtown Hayward CBD budget based upon assessable individual parcel owners for 2017, will be approximately \$ 596,000.00. Please see Section 3 for a breakdown of the categories of special benefit services and their allocation of services by Benefit Zone.

Proposed Benefit Zones:

There are four proposed “benefit zones” which are determined by anticipated benefit to be received in the proposed Downtown Hayward CBD: (see attached map)

Benefit Zone 1 properties would include:

All parcels fronting along B Street from Grand Street (south side of Grand to Watkins) and then both sides of B Street up to the four corners of 2nd Avenue;

Benefit Zone 2 properties would include:

All parcels not included in Benefit Zone 1, except those very large parcels listed identified in Benefit Zone 3;

Benefit Zone 3

The Safeway shopping center on Foothill, the parcels on the back side of the Safeway shopping center fronting along Maple Street to City Center Drive, the Lucky shopping center between Mission Drive, B and C Streets and the BART station. These large parcels within the boundaries of Downtown have been designated as a special benefit zone since the majority of their lot size is dedicated to customer parking for their tenants. Their Benefit Zone will not be assessed for lot size, but will be assessed for building square footage and linear frontage costs.

Benefit Zone 4

All residential condominiums (currently non-existent in Downtown).

CBD Property Data: (as of June 1st, 2017) by Benefit Zone:

Benefit Zone	Building Square Footage	Lot Size (square feet)	Linear Frontage
1	445,991 (31%)	843,113 (25%)	7,428 (21%)
2	723,388 (50%)	2,524,076 (75%)	22,562 (63%)
3	289,709 (19%)	0	5,675 (16%)
4	0	0	0
Total in Downtown Hayward CBD	1,459,088	3,367,189 (78 acres)	35,665 (6.8 miles)

Proportional Benefit Analysis, Assessment Methodology:

1. **Linear frontage costs in Benefit Zones 1, 2 and 3** will fund 50% of Sidewalk operations related services; (curb to property line); different rates for Benefit Zones 1 and 2. Benefit Zone 3 is assessed similar to Benefit Zone 1.
2. **Lot size square footage** assessments Benefit Zones 1 and 2 will fund:
 - a. 50% of sidewalk operations (curb to property line services)
 - b. administration services
 - c. contingency
3. **Building Square footage** in Benefit Zones 1, 2 and 3 will fund any: (City building square footage is not included in this data)
 - a. district branding
 - b. marketing, events
 - c. beautification,
 - d. public space development and improvements
 - e. signage
 - f. social media, web site, public relations
 - g. administrative services related to oversight of district identity programs;
4. **Future Residential Condo parcels** will fund the same menu of services with a different assessment methodology, but allocated in the same proportions as the rest of the budget (please see pages 27-28)

Under the state constitution, there must be a relationship between how much a property owner pays and what type of benefit they receive. “Weighted property” owners must receive more benefits due to the size of their linear frontage, lot square footage or buildings square footage. All parcels within the boundaries of the Downtown Hayward CBD will be required to pay into the assessment district (no properties will be exempt). Costs are determined by the type and frequency of services and the location within a benefit zone. *The one distinction in this plan is the cost and frequency of sidewalk operations between Benefit Zones 1 and 2.*

CBD Budget Category Analysis:

The Steering Committee wants to give the property owners the greatest flexibility in determining the type and frequency of special benefit services that would be allocated on a year to year basis. As the Downtown evolves, services that are needed one year might not be needed the next year. Therefore, we have created “buckets” of categories of special benefit funding and have divided them into 4 broad categories that will give the property owner management corporation the percentages per services for the life of the district, but the flexibility to prioritize or minimize a service found within that category during the life of the CBD. The four categories of services include Sidewalk Operations, District Identity, Administration and Contingency. These categories of services and their percentages represent the service plan the Downtown Hayward property owners will be voting on when the CBD comes up for a mail ballot early this Fall. Under that scenario and with the typical percentages allocated to the “buckets of special benefit services”, the overall budget would be:

PROGRAM OR ACTIVITY FUNDED BY THE DOWNTOWN HAYWARD COMMUNITY BENEFIT DISTRICT	APPROXIMATE% OF FIRST YEAR ANNUAL BUDGET	ESTIMATED ANNUAL COSTS (ROUNDED)
Sidewalk Operations, Beautification and Order	69%	\$410,000.00
District Identity Streetscape Improvements	15%	\$ 90,000.00
Administration/Corporate Operations	13%	\$ 76,000.00
Contingency/City and County Fees/Reserves	3%	\$ 20,000.00
TOTAL	100%	\$ 596,000.00*

Method of Financing:

The financing of the Downtown Hayward CBD is based upon the levy of special assessments upon real property that receive special benefits from the improvements and activities. See Section 4 for assessment methodology and compliance with Proposition 218. There will be five factors used in the determination of proportional benefit to the parcels in the CBD. Those five factors are:

- Linear frontage, (broken down by Benefit Zones). Parcels will be charged different frontage rates based upon the frequency of services that the Benefit Zone frontage will receive from the Sidewalk Operations portion of the CBD budget;
- Lot size or the footprint of the parcel;
- Building square footage (excluding parking structures built within the building that predominantly serve the tenants of the building and are not open to the public); and
- Future residential condos that will be constructed within the District;
- Benefit Zones.

The following data represents the foundation of the assessments that will generate the revenue to fund the Downtown Hayward CBD: (verified as of June 1st, 2017);

Costs based upon the Scenario budget above:

	Benefit Zone 1 and 3 Linear Frontage	Benefit Zone 2 Linear Frontage	Lot Square footage District Wide	Building Square footage District Wide	Total budget
Annual costs	\$ 7.00	\$ 5.00	\$0.089514	\$ 0.0616027	
Total amount generated by property variable	\$ 91,715.00	\$ 112,811.00	\$ 204,526.00 for Sidewalk operations \$ 96,950.00 for Administration and Contingency		
Total budget	\$ 204,526		\$ 301,476	\$90,000	\$ 596,000*

Calculation of Annual Assessments and Benefit Zones:

Based upon the chart above, a property in **Benefit Zone 1** would pay as follows:

- \$7.00 per linear foot of their parcel;
- \$0.089514 per square foot of lot size of their parcel;
- \$0.0616027 per square foot of building square footage of their parcel

All three factors would be added up and that would equal the first year annual assessment;

Based upon the chart above, a property in **Benefit Zone 2** would pay as follows:

- \$5.00 per linear foot of their parcel;
- \$0.089514 per square foot of lot size of their parcel;
- \$0.0616027 per square foot of building square footage of their parcel

All three factors would be added up and that would equal the first year annual assessment;

Based upon the chart above, a property in **Benefit Zone 3** would pay as follows:

- \$7.00 per linear foot of their parcel;
- \$0.0616027 per square foot of building square footage of their parcel

The two factors would be added up and that would equal the first year annual assessment;

Residential Condos: (Benefit Zone 4 Parcels)

Currently there are not any residential condominium parcels within the boundaries of the Downtown Hayward CBD, however they are anticipated to be constructed in the next few years. Whereas apartment buildings will be assessed as commercial properties in the Benefit Zone 1 and 2 methodology above, residential condo owners are their own separate and distinct parcel and must be assessed differently since not all condos, particularly on upper floors, do not have linear frontage or lot size per se.

In this plan, future residential condos will be assessed for their actual building square footage of their unit. The CBD assessment for residential condos will be \$0.20 per square foot for the building square footage of the actual parcel.

District Formation:

The current CBD enabling ordinance requires that 50% of the “weighted” assessments, represented by parcel owners in the district, sign a petition of support to initiate the public hearing procedures and assessment ballot proceedings in the CBD district formation process. Once 50% plus 1 of the proposed CBD assesses sign a petition of support for the CBD, these petitions will be submitted to the City Manager for verification, leading up to a “Resolution of Intent” to be presented to the City Council to establish the district. The value of weighted property owners needed to sign the petition and trigger this Resolution must equal at least \$298,001.00. When that threshold has been met and the Resolution of Intent has been adopted by the City Council, the City Clerk’s office will mail out ballots to all affected property owners. The property owners will have a minimum of 45 days to return the ballot prior to the district public hearing. If the weighted returned ballots support the district formation, the City Council may adopt a “Resolution of Formation” to assess the CBD property owners in order to fund the special benefit services outlined in this plan.

Annual Adjustments:

Under this plan, the property owner controlled District Management Corporation may elect to increase the annual assessments by a factor not to exceed 5% per year. This would be a decision of the Board of Directors of the Management Corporation. Increases will be determined by the Owners’ Association/District Management Corporation and may vary between 0% and 5% annually. Changes in land use, development of empty parcels, conversion of tax exempt to profitable land uses, demolition of existing buildings, and creation of new parcels through new building or residential condo development may alter the budget from year to year based upon the changes in the building square footage of an individual parcels. Since linear frontage and lot size normally are not altered in the redevelopment of a site, the only changes realized in the CBD will be through the building square footage. In addition, changes in the budget may occur due to the conversion of single parcels to multiple parcels due to the construction of residential or commercial condos.

Term:

Under Article 20, Chapter 8 of the Hayward Municipal Code (the local CBD enabling ordinance), the CBD may be established for up to 20 years. The Steering Committee is recommending that

the district be established for 15 years with opportunities for annual disestablishment. The Downtown Hayward CBD shall have a fifteen-year term which shall commence on January 1st, 2018 and expire on December 31st, 2032, with operations winding down by November 30th, 2031, unless the district is renewed by the CBD property owners through a new assessment ballot proceeding in 2032.

Disestablishment:

Under the local enabling ordinance, Downtown CBD participants *will have an annual period in which to petition the City Council to disestablish the CBD.* If the property owners vote, by weighted majority to disestablish the district, the district assessments will be removed from the parcels the following fiscal year.

Bonds:

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

Time and Manner for Collecting Assessments:

Commencing in December 2018, the Downtown Hayward CBD assessments will appear as a separate line item on annual property tax bills prepared by the County of Alameda. The assessments shall be collected at the same time and in the same manner as for the ad valorem property tax paid to the County of Alameda. These assessments shall provide for the same lien priority and penalties for delinquent payment as is provided for the ad valorem property tax.

Any delinquent assessments owed for the first year will be added to the property tax roll for the following year together with any applicable interest and penalties. The “property owner” means any person shown as the owner/taxpayer on the last equalized assessment roll or otherwise known to be the owner/taxpayer by the City.

During its first year of operation, due to the formation of the district past the date of the County notification for inclusion on the FY 17-18 property tax bills, the first year operations may be funded by a long term loan from the City to the District Management Corporation. The first year budget in 2018 will therefore through a loan that can be paid back to the City over a longer time period. From December 2018 onward, the Downtown Hayward CBD will be included in the annual property tax bills.

Government Assessments:

The Downtown Hayward CBD Management Plan assumes that the City of Hayward, the Successor Agency, Alameda County and other government entities will pay assessments for the public property within the boundaries of the District. Article XIII D, Section 4 of the California Constitution was added in November of 1996 to provide for these payments.

Parcels owned by the City of Hayward, controlled by the Successor Agency, the State of California, the Alameda County shall receive benefits, commensurate with the assessments paid into the Downtown Hayward CBD. The publicly owned parcels are presumed to benefit equally to the privately owned parcels for the sidewalk and administrative special benefits provided,

however City and County parcels shall be exempt from assessments on their building square footage since they will not derive benefit from the “District Identity” special benefit services,

Governance:

Pursuant to the City of Hayward’s Community Benefit District Ordinance and Section 36600 of the California Streets and Highway Code, a District Management Corporation or Owners’ Association, will operate the district on a day to day basis, review District budgets and policies annually within the limitations of the Management District Plan. The Management Corporation will file Annual Reports with the City of Hayward (City) and will oversee the day-to-day implementation of services as defined in the Management District Plan. Streets and Highway Code, Section 36614.5 states:

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

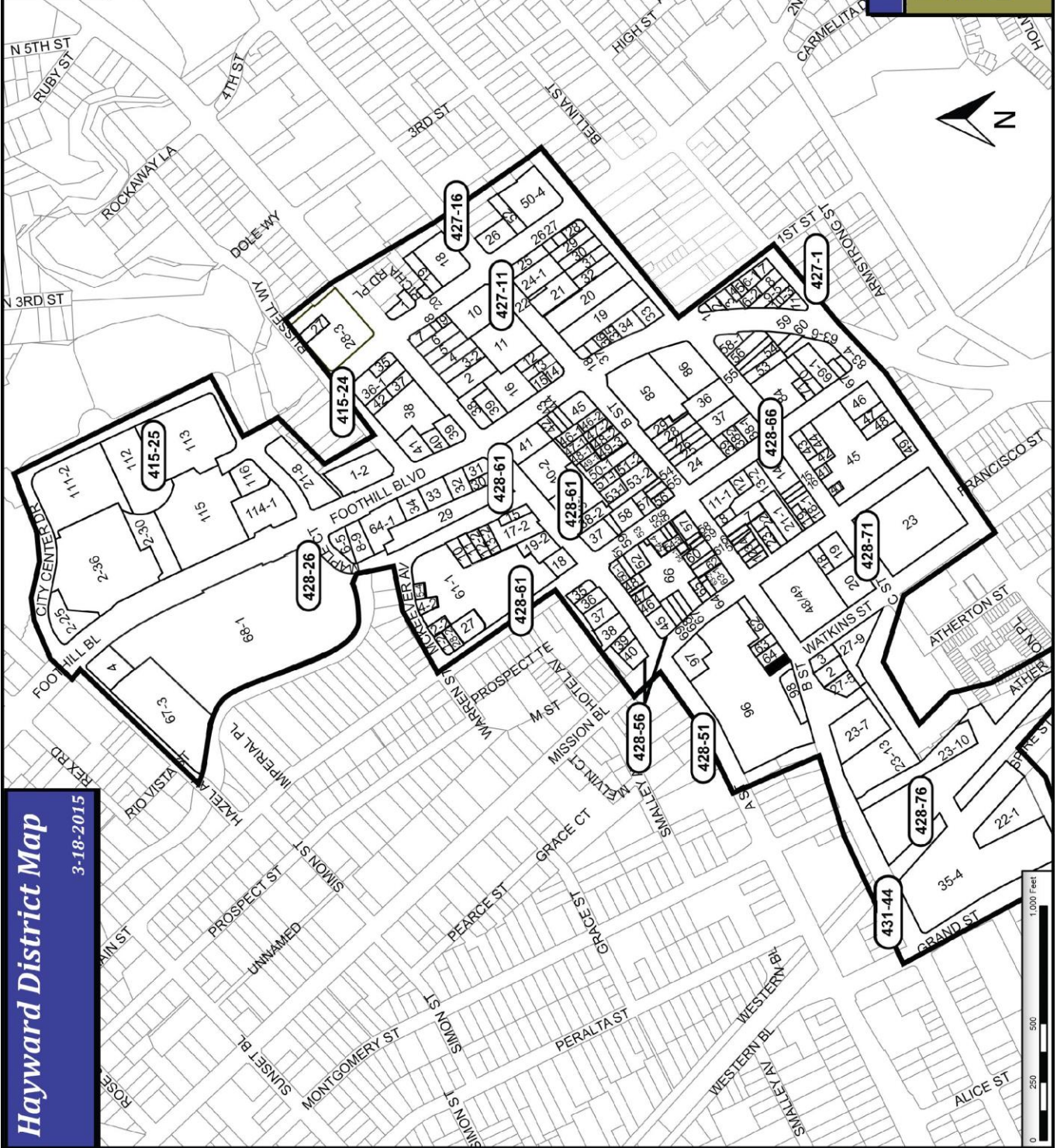
Section 2

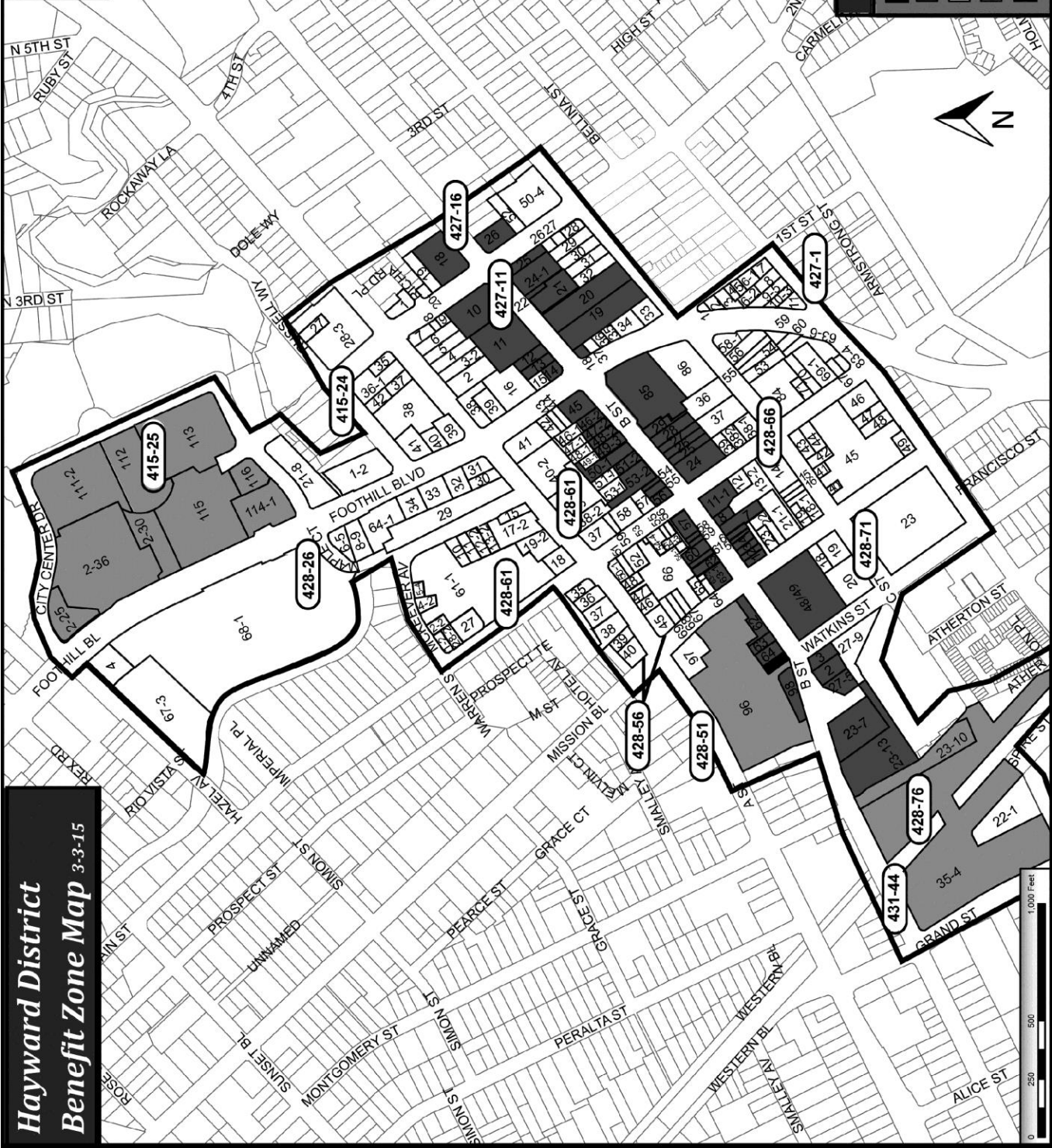
Downtown Hayward Community Benefit District Boundaries

Boundaries: The following text will define the boundaries of the Downtown Hayward CBD.

General Description of the proposed boundaries: Parcels in the commercial corridors of the Downtown Hayward CBD will include as follows:

- ***Northern Boundary:*** All of the parcels to the south of City Center Drive, starting at parcel number 415-25-111-2 running westward to the corner of Hazel Avenue and the San Lorenzo Creek. This includes the Safeway shopping center on the east side of Foothill Blvd. and the former Mervyn's corporate headquarters site on the west side of Foothill Blvd. (please see map on page 14 for greater detail)
- ***Southern Boundary:*** Starting at the two corners on the north side of the intersection of C Street and 2nd Street, running westward to the intersection of 1st Street and C Street. Running south to include the parcels on the west side of 1st Street to D Street. Then proceeding westward to include the parcels along the north side of D Street up to the intersection of Watkins and D Street, ending at the parcel at the northeast corner of D St and Watkins. (please see map on page 14 for greater detail)
- ***Eastern Boundary:*** Starting at the intersection of Russell Way and 2nd Street, running southward including all of the parcels on both sides of the 2nd Avenue up to the intersection of C Street and 2nd, ending at the parcels at the northeastern and northwestern corners of C and 2nd. (please see map on page 14 for greater detail)
- ***Western Boundary:*** West of the BART Station at the southeastern corner of the intersection of Grand Street and B Street, including the entire BART station; (please see map on page 14 for greater detail)





Hayward District
Benefit Zone Map 3-3-15

Section 3

District Improvement and Activity Plan

In August 2014, Downtown property owners began to meet with New City America and City staff to review the steps for investigation of the new Downtown Hayward CBD. After this initial meeting last summer, the newly formed Downtown Hayward CBD Steering Committee approved and mailed out a survey to Downtown property owners and stated in the survey that once we had received a reasonable number of responses, we would update the property owners on the results of that survey. This newsletter represents continuation of a series of correspondences and mailings regarding the proposed **Downtown Hayward Community Benefit District (CBD)**.

Priority Special Benefit Services – According to the Survey:

The survey asked a variety of specific questions regarding property owner funding of services over and above what the City of Hayward was currently providing. The priority services outlined by the responding property owners prioritized the following:

1. 58 parcel owner respondents stated that *they believed the image of Downtown Hayward as portrayed in the media over the past few years has “negatively affected their property values”*. 10 parcel owners believe the media’s portrayal of Downtown Hayward was positive;
2. 99 parcel owner respondents believed that Downtown Hayward is *“relatively safe but may suffer an unsafe image”*. This compares to 5 respondents who believed the image of Downtown was “safe and orderly”;
3. 82 parcel owner respondents supported property owner funded services to *“deal with homes and panhandling issues within the district”*. 12 parcel respondents opposed this service;
4. 88 parcel owner respondents supported property owner funded *“sidewalk and gutter sweeping services”*, 20 respondents opposed this service;
5. 97 parcel owner respondents supported property owner funded new amenities including improved lighting, furniture and other decorative features to enhance public spaces in Downtown, 13 parcel owners opposed this service.
6. 89 parcel owner respondents supported *“marketing and promotions campaigns to bring new business and attract new tenants to Downtown”*, 19 respondents opposed this service;

The CBD Steering Committee began reviewing the results of the survey, and possible “benefit zones” within a boundaried area. These benefit zones would divide parcels based upon the frequency of special benefit services to be delivered as well as their proximity to the core area of the district.

Numerous public meetings have been held with the CBD Steering Committee. Public meeting dates were as follows:

- August 13th, 2014
- October 3rd, 2014
- November 7th, 2014
- December 10th, 2014
- January 21st, 2015
- February 27th, 2015
- March 27th, 2015 (City Council meeting to approve the new CBD enabling ordinance)
- April 21st, 2015
- May 27th, 2015
- August 5th, 2015

At this point, the effort was put on hold pending the final sale of the huge former Mervyn's corporate site. The redevelopment of this site, as well as the sale of the "Green Shutter" SRO and the Main and Maple properties, were all going to have a dramatic impact on the district so it was the desire of the CBD proponents to wait until all of the escrows were closed and entitlements were completed.

In addition, the following mailings were sent out to property owners updating them on the CBD investigation and formation process:

1. *Initial CBD survey;*
2. *Property data verification form*
3. *Newsletter summarizing survey results and preliminary plan*
4. *Petition drive and summary of Management District Plan*

Explanation of Special Benefit Services:

All of the improvements and activities detailed below are provided only to properties defined as being within the boundaries of the Downtown Hayward CBD, as the improvements and activities will provide special benefit to the owners of those properties. No improvements or activities will be provided to properties outside the Downtown Hayward CBD boundaries. All benefits derived from the assessments outlined in this Management District Plan fund services directly benefiting the property owners in this special benefit district. Inasmuch as all services will be provided to the properties defined as being within the District boundaries and no services will be provided outside the District boundaries.

The City of Hayward will continue to provide general services to the Downtown which will include public safety, street tree trimming, street sweeping, trash collection of public refuse containers, etc. The frequency of these general benefits may change from year to year and time to time based upon budget constraints. However, City general benefits will not be withdrawn from the Downtown Hayward CBD unless they are withdrawn by an equal amount City wide. ***The CBD funded special benefits will not replace City funded general benefits, but***

rather will provide special benefits to parcel owners over and above the general benefits provided by the City of Hayward.

All services funded by the assessments outlined in the Management District Plan are intended to directly benefit the property, business owners and residents within this area to support increased commerce, business attraction and retention, retain and increase commercial property rentals, enhanced safety and cleanliness in the CBD, improved district identity, and eventually fund specialized beautification and enhanced services for the condo residential unit parcels within the District.

CBD Budget Category Analysis:

To ensure that Downtown Hayward CBD property owners are given the greatest flexibility in determining the type and frequency of special benefit services that would be allocated on a year to year basis, we have proposed a categorically flexible system that ensures responsiveness to changes in the District. For example, if hundreds of new residential parcels or market rate apartments are added into the district as in-fill projects, the dynamics of use of the public rights of way will change dramatically. As the Downtown evolves, services that are needed one year might not be needed the next year. Therefore, we have created “buckets” of categories of special benefit funding and have divided them into 4 broad categories that will give the property owner management corporation the percentages per services for the life of the district, but the flexibility to prioritize or minimize a service found within that category during the life of the CBD.

The four categories of services include *Sidewalk Operations Beautification and Order, District Identity and Streetscape Improvements, Administration and Contingency*. These categories of services and their percentages represent the service plan the Downtown Hayward property owners will be voting on when the CBD comes up for a mail ballot early this Fall.

SIDEWALK OPERATIONS, BEAUTIFICATION, ORDER: 69%

(The frequency of these sidewalk cleaning services will be seven days per week in Zone 1 and 3 and five per week days in Zone 2). Other sidewalk operations services respond to all issues between the curb and the property line of the sidewalks within the proposed Downtown Hayward CBD. Examples of these special benefit services and *costs over and above current City Services*. These services include, but are not limited to:

- Regular sidewalk and gutter sweeping
- Periodic sidewalk steam cleaning
- Beautification of the district
- Enhanced trash emptying
- Timely graffiti removal, within 24 hours as necessary
- Tree and vegetation maintenance
- Special events maintenance and set up
- Maintenance of existing and new public spaces

- ❑ Installation and maintenance of hanging plants, planting flowers throughout the district, particularly around redeveloped areas with high density residential condo parcel owners within one block
- ❑ Possible private security and cameras in the public rights of way
- ❑ Working with HPD and County to respond to issues in and around the creek;
- ❑ Administration of the sidewalk operations service providers or employees;

DISTRICT IDENTITY AND STREETScape IMPROVEMENTS: 15%

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

- ❑ Web site development and updating
- ❑ App development
- ❑ Management and coordination of special events
- ❑ Social media
- ❑ Holiday and seasonal decorations
- ❑ Branding of Downtown Hayward so a positive image is built
- ❑ Banner programs
- ❑ Public art displays
- ❑ Logo development
- ❑ Public space design and improvements
- ❑ Public relations
- ❑ Signage
- ❑ Installation of bike racks
- ❑ Administration oversight of District Identity programs

ADMINISTRATION AND CORPORATE OPERATIONS: 13%

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

- ❑ Staff and administrative costs
- ❑ D and O Insurance
- ❑ Office related expenses, rent
- ❑ Financial reporting, Accounting, Legal work

CONTINGENCY/CITY AND COUNTY FEES/RESERVE: 3%

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

- ❑ Delinquencies, City Fees, County fees
- ❑ Reserves

Under that scenario and with the typical percentages allocated to the “buckets of special benefit services”, the overall budget would be:

PROGRAM OR ACTIVITY FUNDED BY THE DOWNTOWN HAYWARD COMMUNITY BENEFIT DISTRICT	APPROXIMATE% OF FIRST YEAR ANNUAL BUDGET	ESTIMATED ANNUAL COSTS (ROUNDED)
Sidewalk Operations, Beautification and Order	69%	\$410,000.00
District Identity Streetscape Improvements	15%	\$ 90,000.00
Administration/Corporate Operations	13%	\$ 76,000.00
Contingency/City and County Fees/Reserves	3%	\$ 20,000.00
TOTAL	100%	\$ 596,000.00*

**Note: \$ 50,000 in CBD formation costs will need to be paid back to the City over the course of 1 – 5 years. The City of Hayward contributed to the investigation and formation costs of the Downtown Hayward CBD and as per the enabling ordinance, shall be entitled to be reimbursed within the first five years of the adoption of the CBD by the City Council. Costs that can be recovered include: (1) The costs of preparation of the management plan and engineer's report required by state law; (2) The cost of circulating and submitting the petition to the City Council seeking establishment of the District; (3) The costs of printing, advertising and the giving of published, posted or mailed notices; (4) Compensation of any engineer or consultant employed to render services in proceedings associated with formation of the Downtown Hayward CBD; and (5) Costs associated with any ballot proceedings required by law for approval of the CBD assessment. The total amount to be reimbursed shall not exceed \$50,000.*

Fifteen-Year Operating Budget:

A projected fifteen-year operating budget for the Downtown Hayward CBD is provided below. The projections are based upon the following assumptions:

- Increases will be determined by the District Management Corporation and in no case shall annual increases exceed 5% per year.

The budget for specific programs may be reallocated within the categories by up to 10% of each budget category. The Management Corporation Board may alter the budget based upon service needs and such changes shall be included in the Annual report and submitted to the Hayward City Council for review and approval.

Table 3 – B

Fifteen-Year Projection of Maximum Assessment Amounts per Category for the Downtown Hayward CBD - 2018

	FY 1	FY 2	FY 3	FY 4	FY 5
Sidewalk Operations	\$410,000.00	\$430,500.00	\$452,025.00	\$474,626.25	\$498,357.56
District Identity	\$90,000.00	\$94,500.00	\$99,225.00	\$104,186.25	\$109,395.56
Administration	\$76,000.00	\$79,800.00	\$83,790.00	\$87,979.50	\$92,378.48
Contingency	\$20,000.00	\$21,000.00	\$22,050.00	\$23,152.50	\$24,310.13
Total	\$596,000.00	\$625,800.00	\$657,090.00	\$689,944.50	\$724,441.73
	FY 6	FY 7	FY 8	FY 9	FY 10
Sidewalk Operations	\$523,275.44	\$549,439.21	\$576,911.17	\$605,756.73	\$636,044.57
District Identity	\$114,865.34	\$120,608.61	\$126,639.04	\$132,970.99	\$139,619.54
Administration	\$96,997.40	\$101,847.27	\$106,939.63	\$112,286.61	\$117,900.94
Contingency	\$25,525.63	\$26,801.91	\$28,142.01	\$29,549.11	\$31,026.56
Total	\$760,663.81	\$798,697.00	\$838,631.85	\$880,563.44	\$924,591.62
	FY 11	FY 12	FY 13	FY 14	FY 15
Sidewalk Operations	\$667,846.80	\$701,239.14	\$736,301.09	\$773,116.15	\$811,771.96
District Identity	\$146,600.52	\$153,930.54	\$161,627.07	\$169,708.42	\$178,193.84
Administration	\$123,795.99	\$129,985.79	\$136,485.08	\$143,309.33	\$150,474.80
Contingency	\$32,577.89	\$34,206.79	\$35,917.13	\$37,712.98	\$39,598.63
Total	\$970,821.20	\$1,019,362.26	\$1,070,330.37	\$1,123,846.89	\$1,180,039.23

Notes:

- Assumes a 5% yearly increase on all budget items.
- Any accrued interest or delinquent payments will be expended in the above categories.
- Residential condo assessments are minimal or zero for the first year, and to be determined when the first residential condos are actually built in Downtown

Section 4

Assessment Methodology

The Downtown Hayward CBD is a property-based special benefit assessment district where the property owners within the district pay special assessments to fund special services above and beyond general municipal service levels. Assessment district programs and activities may confer a combination of general and special benefits to properties. However, state law only allows special benefits to be subject to the imposition of special assessments. State law defines “special benefit” as a *“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 the Downtown Hayward CBD, “general benefits” are benefits provided within Downtown Hayward that are not “particular and distinct” and are not over and above the benefits that other city parcels receive. General benefits can include benefits conferred on real property located in the district, outside the district or to the public at large.

State law requires that the special assessments not exceed the reasonable cost of the proportional special benefit conferred on each parcel. The proportionate special benefit derived by each identified parcel shall be determined exclusively in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the activities. This management plan provides a statement of the method or methods by which program costs are to be distributed amongst all identified specially benefited properties based on the proportional amount of special program benefit each property is expected to derive. .

Services, programs and improvements provided by the Downtown Hayward CBD are designed to provide special benefits to identified parcels within the boundaries of the District.

The property uses within the boundaries of the proposed Downtown Hayward CBD which will receive special benefits from CBD funded programs and services, are currently a mix of retail, service, office, religious, residential and parking. Parcels that receive the programs, services and improvements outlined on pages 18 and 19 of this plan (Section 3), will attract more customers, employees, tenants and investors as a result of these programs, services and improvements, thereby increasing business volumes, sales transactions, occupancies, rental income and return on investments and for future residents, make this Downtown more walkable, attractive and livable.

Since these programs, services and improvements will only be provided to each individual assessed parcel within the Downtown Hayward CBD boundaries and not to any non-assessed parcels within or outside the District these programs, services and improvements constitute “special benefits” for which special assessments may be imposed pursuant to State law.

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

Although the purpose of the CBD is to provide special services to parcels within the CBD, parcels outside the district and the public at large will derive benefits from the special services as well. Enhancement of property values inside and outside the District as a result of the special services is a type of general benefit. State law only allows special assessments to be imposed on special benefits and general benefits cannot be funded by special assessment revenues. Since the special services will inevitably provide a mixture of general and special benefits to parcels within the District, every effort must be made to separate the general benefits from the special benefits to determine the proportion of program costs attributable to the general benefits which may not be assessed.

Empirical assessment engineering analysis throughout California has found that general benefits within a given business improvement district tend to range from 1-5% of the total costs. There are three methods that have been used by the Downtown CBD 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 PBIDs and CBDs in California for which this plan's Assessment Engineer has provided assessment engineering services since the enactment of Proposition 218, have used Method #3, the composite district overlay determinant method which will be used for this CBD. 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.

Downtown Hayward CBD Programs and Improvements

Composite General Benefit

Based on the general benefit values delineated in the three sections as outlined in the Assessment Engineer's report that is attached to this Management District Plan, the total value of general benefits conferred on assessed parcels within the District, the public at large and parcels outside the District equates to \$9,594 (\$0 + \$8,487 + \$1,127) or 1.59% of total program costs of \$605,614 [\$596,000 (special benefit) + \$9,614 (general benefits)]. For the purposes of this analysis, this 1.59% value will be conservatively

rounded up to 2%. This leaves a value of 98% assigned to special benefit related costs. The 2% general benefit value now equates to \$12,163 and when added to the special benefit value of \$596,000 (Year 1 –2018 assessments) equates to a total Year 1 – 2018 program cost of \$608,163. Remaining costs that are attributed to general benefits of \$12,163 will need to be derived from other sources. A comparison of special and general benefit funding sources is shown on a chart on page 23 below.

Downtown Hayward CBD 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 Downtown Hayward CBD are shown in the chart below:

**Table 4 A
Total Year 1 – 2018 - Special + General Benefit Costs**

Service	YR 1 Assessment Costs	YR 1 Non-Assessment Costs	YR 1 Total Costs	% of Total
Sidewalk Operations	\$410,000	\$8,367	\$418,367	69%
District Identity	\$90,000	\$1,837	\$91,837	15%
Administration	\$76,000	\$1,551	\$77,551	13%
Contingency/Reserve	\$20,000	\$408	\$20,408	3%
Total	\$596,000	\$12,163	\$608,163	100%

All program costs associated with general benefits will be derived from sources or credits other than CBD assessments. Sample “other” revenue sources can be derived from special events, grants, volunteer hours and must simply equal a total of \$ 12,163 per year which would equal the general benefit cost of 2% of the computed total CBD cost of \$ 608,163.00 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, and residential condo parcels.

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 2015 data. The following data represents the foundation of the assessments that will generate the revenue to fund the Downtown Hayward CBD:

Table 4 B
CBD Property Data: (as of June 1st, 2017) by Benefit Zone:

<i>Benefit Zone</i>	<i>Building Square Footage</i>	<i>Lot Size (square feet)</i>	<i>Linear Frontage</i>
1	445,991 (31%)	843,844 (25%)	7,428 (21%)
2	723,388 (50%)	2,524,076 (75%)	22,562 (63%)
3	289,709 (19%)	0	5,675 (16%)
4	0	0	0
<i>Total in Downtown Hayward CBD</i>	1,459,088	3,367,920 (78 acres)	35,664 (6.8 miles)

Proposed Benefit Zones:

There are four proposed “benefit zones” which are determined by anticipated benefit to be received in the proposed Downtown Hayward CBD: (see attached map)

Benefit Zone 1 properties would include:

All parcels fronting along B Street from Grand Street (south side of Grand to Watkins) and then both sides of B Street up to the four corners of 2nd Avenue;

Benefit Zone 2 properties would include:

All parcels not included in Benefit Zone 1, except those very large parcels listed identified in Benefit Zone 3;

Benefit Zone 3

The Safeway shopping center on Foothill, the parcels on the back side of the Safeway shopping center fronting along Maple Street to City Center Drive, the Lucky shopping center between Mission Drive, B and C Streets and the BART station. These large parcels within the boundaries of Downtown have been designated as a special benefit zone since the majority of their lot size is dedicated to customer parking for their tenants. Their Benefit Zone will not be assessed for lot size, but will be assessed for building square footage and linear frontage costs.

Benefit Zone 4

All residential condominiums (currently non-existent in Downtown)

Proportional Benefit Analysis, Assessment Methodology:

- Linear frontage costs in Benefit Zones 1, 2 and 3** will fund 50% of Sidewalk operations related services; (curb to property line); different rates for Benefit Zones 1 and 2. Benefit Zones 1 and 3 parcel owners will have 7 days per week of Sidewalk Operations services, Benefit Zone 2 parcel owners will receive 5 days per week of sidewalk operations services.

2. **Lot size square footage** assessments Benefit Zones 1 and 2 will fund for:
 - a. 50% of sidewalk operations (curb to property line services)
 - b. administration
 - c. contingency

3. **Building Square footage** in Benefit Zones 1, 2 and 3 will fund any services related to improving the image of the district including: (City building square footage is not included in this data)
 - a. district branding
 - b. marketing, events
 - c. beautification,
 - d. public space development and improvements
 - e. signage
 - f. social media, web site, public relations
 - g. administration services related to oversight of district identity programs;

4. **Future Residential Condo parcels** will fund the same menu of services with a different assessment methodology, but allocated in the same proportions as the rest of the budget.

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 Sidewalk Operations special benefit services based upon the frequency of services articulated in this plan, (seven times per week in Zones 1 and 3 and five times per week in Zone 2). Linear front footage data was obtained from the County Assessor's parcel maps. All benefit zones will be assessed for linear frontage costs. *Linear frontage will fund 50% of the sidewalk operations services in the budget or almost \$205,000 for the first year the CBD is in existence.*

Building Square Footage Defined:

Building square footage is defined as gross building square footage throughout the Downtown Hayward CBD. The percentage of building square footage that is dedicated to private or internal tenant parking needs may be deducted from the gross building square footage. Only parking structures that are open to the public and charge fees to the general public on a regular basis will have their building square footage assessed as any other commercial building. Apartment buildings within the boundaries of the Downtown Hayward CBD will be assessed as commercial buildings since there is a landlord/tenant relationship in that property. Under this plan, City and County owned parcels will pay assessments on their linear frontage and lot size, but will be exempted from assessments on building square footage since they will not derive special benefit from the District Identity services outlined in Section 3, page 19. Building square footage cost will be applied to all Benefit Zones equally since the point of District Identity services is to attract new business, residents, visitors, investors and Hayward citizens to Downtown as a whole. *The building square footage assessments will total approximately*

\$90,000 per year for the first year of the CBD and will fund all district identity services as well as administrative services to oversee the promotion of the CBD.

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 County Assessor's parcel maps. Lot size assessments will be applied to Benefit Zones 1 and 2 only due to the fact that Zone three parcels are primarily dedicated to surface parking lots and they will not derive special benefit services to those areas of the parcel. Benefit Zone 3 parcels will still pay for linear frontage and building square footage assessments, but not lot size assessments. Lot size assessments in Benefit Zones 1 and 2 will fund 50% of the sidewalk operations services, administration and contingency costs of the District. *The lot size assessments will total \$301,000 for the first year of the CBD.*

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 condo, and the amount of direct primary street frontage on the exterior of the building. Ground floor commercial condominiums will pay 100% of the special benefits for the assessment, based upon which benefit zone they are within.

Future Residential Condo Unit Parcels Defined:

Future residential condo units building square footage is defined as the livable building square footage within the walls of the condo residential unit parcel. They are included in a special zone to designate their unique special benefits relative to the other commercial parcels within the Downtown Hayward CBD. Unlike the other commercial parcels in the district, including commercially operated apartment buildings, residential condo parcels are assessed for building square footage only, and are not assessed for linear frontage and lot square footage.

Future residential condo individually assessed parcels are assessed as a separate category. These future residential condo individual parcels will be assessed *for their building square footage only at the rate of \$0.20 per square foot per year*, commencing the first year of their completion. The rationale for assessing future residential condos only for the building square footage rate is provided below.

Future residential condo individually assessed parcels are assessed differently than multi-unit, for-rent apartment buildings, due to the frequency of special benefit services required by each parcel as described below. The multi-unit apartment buildings are commercial properties in which the tenant and landlord have an economic relationship as opposed to residential condo buildings where individual property owners own separate "air space parcels" on a single floor. Future residential apartment buildings can be bought or sold just as like commercial buildings whereas residential condo individual units are separately owned and must be individually bought and sold.

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

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

The assessment methodology has been written to confer special benefits to future residential condo individual assessed parcels since future residential condo owners have unique investment backed expectations about the care and maintenance of the building and its surroundings compared to the interest of residential tenants who have a possessory not an ownership interest. The future residential condos’ special assessment methodology ensures that a fund will be established to maintain high levels of special benefit services that apply directly and proportional to the blocks that demand virtually seven days per week, 365 days per year special benefits.

Table 4 C
Proportional Allocation of Assessments to Benefiting Property Owners
Generation of assessments which fund categories of special benefit services.

	<i>Benefit Zone 1 and 3 Linear Frontage (7 days per week service)</i>	<i>Benefit Zone 2 Linear Frontage (5 days per week service)</i>	<i>Lot Square footage - District Wide</i>	<i>Building Square footage - District Wide</i>	<i>Total budget</i>
<i>Annual costs</i>	<i>\$ 7.00</i>	<i>\$ 5.00</i>	<i>\$0.089514</i>	<i>\$ 0.0616027</i>	
<i>Total amount generated by property variable</i>	<i>\$ 91,715.00 To fund Sidewalk Operations services</i>	<i>\$ 112,811.00 To fund Sidewalk Operations services</i>	<i>\$ 204,526.00 for Sidewalk operations, \$ 96,950.00 for Administration and Contingency related services</i>	<i>\$90,000 to fund District Identity services and Administrative related to those services</i>	
<i>Total budget</i>	<i>\$ 204,526</i>		<i>\$ 301,476</i>	<i>\$90,000</i>	<i>\$ 596,000</i>

Calculation of Annual Assessments:

Based upon the chart above, a property in **Benefit Zone 1** would pay as follows:

- \$7.00 per linear foot of their parcel;
- \$0.089514 per square foot of lot size of their parcel;
- \$0.0616027 per square foot of building square footage of their parcel

All three factors would be added up and that would equal the first year annual assessment;

Based upon the chart above, a property in **Benefit Zone 2** would pay as follows:

- \$5.00 per linear foot of their parcel;
- \$0.089514 per square foot of lot size of their parcel;
- \$0.0616027 per square foot of building square footage of their parcel

All three factors would be added up and that would equal the first year annual assessment;

Based upon the chart above, a property in **Benefit Zone 3** would pay as follows:

- \$7.00 per linear foot of their parcel;
- \$0.0616027 per square foot of building square footage of their parcel

The two factors would be added up and that would equal the first year annual assessment;

Residential Condo Parcel Owners: (Benefit Zone 4 Parcels)

Currently there are not any residential condominium parcels within the boundaries of the Downtown Hayward CBD, however they are anticipated to be constructed in the next few years. Whereas apartment buildings will be assessed as commercial properties in the Benefit Zone 1 and 2 methodology above, residential condo owners are their own separate and distinct parcel and must be assessed differently since not all condos, particularly on upper floors, do not have linear frontage or lot size per se.

In this plan, future residential condo parcels will be assessed for their actual building square footage of their unit. The CBD assessment for residential condo parcels will be \$0.20 per square foot for the building square footage of the actual parcel. If single family residential land uses, in the form of single family homes on independent parcels, within the boundaries of the CBD are included in the District, they will be assessed only for the services they receive on their frontage or until such time that the single family land uses are converted to multi-family or commercial/retail uses.

Exemptions:

No benefitting parcels, regardless of taxable or tax-exempt property tax status, will be exempt from the assessments funding the special benefit services of the Downtown Hayward CBD. Special benefit services will not be provided to any parcels outside of the boundaries of the district. Publicly owned property will be assessed the same as privately owned parcels based upon their location within Benefit Zone 1,2 *except that the County and City parcels shall not pay for District Identity services funded by their building square footage assessments.* The County and City parcels will not derive the benefits of increased rents, business attraction or redevelopment potential from such special benefit services. We believe that this analysis is

consistent with the “proportional benefit requirements” outlined in Article XIII of the state constitution.

Future Development:

As a result of continued new development, the Downtown Hayward CBD will experience the addition or subtraction of assessable commercial buildings or the conversion of empty parcels into new commercial and residential or buildings and units. The Management District 2017 Plan assessment methodology will accommodate any and all changes anticipated within the term of the District with annual adjustments being submitted to the City, as these assessment calculation and property variable alterations occur.

Maximum Assessment:

Annual increases in assessment rates may be determined by the CBD District Management Corporation and may vary between 0% and 5% in any given year. The maximum the assessments can be increased is 5% over the previous fiscal year’s base assessments. Not implementing the increase for one year does not give the District Management Corporation the authority to accumulate increases above 5% within any given fiscal year. The following projections illustrate a potential 5% annual increase.

**Table 4 D
Maximum Assessment Table
Benefit Zone 1, 2, 3, 4 - Maximum Assessments by Property Variable**

Projected Assessment	FY 1	FY 2	FY 3	FY 4	FY 5
Linear Frontage BZ 1& 3	\$7.00	\$7.35	\$7.72	\$8.10	\$8.51
Linear Frontage BZ 2	\$5.00	\$5.25	\$5.51	\$5.79	\$6.08
Building Sq. Ft.	\$0.0616027	\$0.06468	\$0.06792	\$0.07131	\$0.07488
Lot Square Footage	\$0.0895140	\$0.0939897	\$0.0986892	\$0.1036236	\$0.1088048
Condo Bldg. Sq. Ft.	\$0.20000	\$0.21000	\$0.22050	\$0.23153	\$0.24310

Projected Assessment	FY 6	FY 7	FY 8	FY9	FY 10
Linear Frontage BZ 1& 3	\$8.93	\$9.38	\$9.85	\$10.34	\$10.86
Linear Frontage BZ 2	\$6.38	\$6.70	\$7.04	\$7.39	\$7.76
Building Sq. Ft.	\$0.078622	\$0.082554	\$0.086681	\$0.091015	\$0.095566
Lot Square Footage	\$0.114245	\$0.119957	\$0.125955	\$0.132253	\$0.138866
Condo Bldg. Sq. Ft.	\$0.2553	\$0.2680	\$0.2814	\$0.2955	\$0.3103

Projected Assessment	FY 11	FY 12	FY 13	FY 14	FY 15
Linear Frontage BZ 1& 3	\$11.40	\$11.97	\$12.57	\$13.20	\$13.86
Linear Frontage BZ 2	\$8.14	\$8.55	\$8.98	\$9.43	\$9.90
Building Sq. Ft.	\$0.100344	\$0.105362	\$0.110630	\$0.116161	\$0.121969
Lot Square Footage	\$0.145809	\$0.153099	\$0.160754	\$0.168792	\$0.177232
Condo Bldg. Sq. Ft.	\$0.3258	\$0.3421	\$0.3592	\$0.3771	\$0.3960

Budget Adjustments:

Annual budget surpluses, if any, will be rolled into the following year’s budget. Assessments will be set annually, within the constraints of the maximum increase outlined on page 30 or land use changes. Revenues from the delinquent accounts may be expended in the year they are received. If the District is not renewed, any remaining funds will be returned to property owners in the proportion that each property owner paid.

If after the initial term the District decides to renew and if there is money left over from the previous term, the balance of remaining funds will be rolled over into the renewed district. These “rolled over” funds may only be used within the boundaries of the renewed district and cannot be expended for activities, services, or improvements in an area expanded beyond the original District. However, the rolled over funds may be used to finish District Management Corporation activities in the original district.

Time and Manner for Collecting Assessments:

The Downtown Hayward CBD assessments will appear as a separate line item on annual property tax bills prepared by the County of Alameda. The assessments shall be collected at the same time and in the same manner as for the ad valorem property tax paid to the County of Alameda. These assessments shall provide for the same lien priority and penalties for delinquent payment as is provided for the ad valorem property tax.

Any delinquent assessments owed for the first year will be added to the property tax roll for the following year together with any applicable interest and penalties. The “property owner” means any person shown as the owner/taxpayer on the last equalized assessment roll or otherwise known to be the owner/taxpayer by the City.

During its first year of operation, due to the formation of the district past the date of the County notification for inclusion on the FY 17-18 property tax bills, the first year operations may be funded by a long term loan from the City to the District Management Corporation. The first year budget in 2018 will therefore through a loan that can be paid back to the City over a longer time period. From December 2018 onward, the Downtown Hayward CBD will be included in the annual property tax bills

Disestablishment:

Under the local enabling ordinance, Downtown CBD participants will have an annual period in which to petition the City Council to disestablish the CBD. If the property owners vote, by weighted majority to disestablish the district, the district assessments will be removed from the parcels the following fiscal year.

Bonds:

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

Government Assessments:

The Downtown Hayward CBD Management Plan assumes that the City of Hayward, the Successor Agency, Alameda County and other government entities will pay assessments for the public property within the boundaries of the District pursuant to Article XIII D, Section 4 of the California Constitution.

Parcels owned by the City of Hayward, controlled by the Successor Agency, the State of California, the Alameda County shall receive benefits, commensurate with the assessments paid into the Downtown Hayward CBD. The publicly owned parcels are presumed to benefit equally to the privately owned parcels for the sidewalk and administrative special benefits provided, *however* City and County parcels shall be exempt from assessments on their building square footage since they will not derive benefit from the “District Identity” special benefit services, (see Section 3, page 19).

Table 4 E
Government Owned Parcels in the Downtown Hayward CBD

APN	Legal Owner	Benefit Zone	Site #	Site Street	Annual Assessment	Percent
415 0240 038 00	City Of Hayward	2		A St	\$ 5,469.27	0.92%
415 0250 021 07	City Of Hayward	2		Foothill Blvd	\$ 3,904.54	0.66%
415 0250 111 02	City Of Hayward	3		Foothill Blvd	\$ 4,291.00	0.72%
415 0250 113 00	City Of Hayward	3		Foothill Blvd	\$ 4,830.00	0.81%
415 0250 021 08	City Of Hayward	2		Foothill Blvd	\$ 5,432.37	0.91%
427 0001 001 00	City Of Hayward	2		Foothill Blvd	\$ 801.98	0.13%
427 0001 002 00	City Of Hayward	2		1st St	\$ 841.94	0.14%
427 0001 007 00	City Of Hayward	2	1098	D St	\$ 1,156.90	0.19%
427 0001 008 00	City Of Hayward	2	1090	D St	\$ 746.90	0.13%
427 0001 010 03	City Of Hayward	2	1070	D St	\$ 913.92	0.15%
427 0001 011 00	City Of Hayward	2	1062	D St	\$ 1,582.91	0.27%
427 0011 020 00	City Of Hayward	1		C St	\$ 4,870.31	0.82%
428 0026 006 05	City Of Hayward	2		Foothill Blvd	\$ 2,070.34	0.35%
428 0056 045 00	City Of Hayward	2	22500	Mission Blvd	\$ 1,868.32	0.31%
428 0056 053 00	City Of Hayward	2	22531	Main St	\$ 139.99	0.02%
428 0056 054 01	City Of Hayward	2		Main St	\$ 461.98	0.08%
428 0056 058 00	City Of Hayward	1	962	B St	\$ 540.97	0.09%
428 0056 063 01	City Of Hayward	1		Mission Blvd	\$ 1,961.86	0.33%
428 0056 066 00	City Of Hayward	2		Mission Blvd	\$ 4,242.25	0.71%
428 0056 069 00	City Of Hayward	2	22524	Mission Blvd	\$ 563.42	0.09%
428 0061 029 00	City Of Hayward	2	22456	Maple Ct	\$ 7,851.51	1.32%
428 0061 046 01	City Of Hayward	2		B St	\$ 545.89	0.09%
428 0061 047 01	City Of Hayward	2		B St	\$ 467.91	0.08%
428 0061 048 01	City Of Hayward	2		B St	\$ 428.92	0.07%
428 0061 049 01	City Of Hayward	2		B St	\$ 311.94	0.05%
428 0061 050 01	City Of Hayward	1	1042	B St	\$ 1,606.15	0.27%
428 0061 051 01	City Of Hayward	2		B St	\$ 506.90	0.09%

428 0061 053 01	City Of Hayward	2		B St	\$ 623.88	0.10%
428 0066 013 02	City Of Hayward	2		Main St	\$ 2,289.61	0.38%
428 0066 019 00	City Of Hayward	2	22678	Mission Blvd	\$ 653.92	0.11%
428 0066 036 00	City Of Hayward	2	1044	C St	\$ 2,299.65	0.39%
428 0066 037 00	City Of Hayward	2	1026	C St	\$ 2,254.65	0.38%
428 0066 043 00	City Of Hayward	2	22701	Main St	\$ 1,563.88	0.26%
428 0066 044 00	City Of Hayward	2	22721	Main St	\$ 937.87	0.16%
428 0066 045 00	City Of Hayward	2	22737	Main St	\$ 11,005.44	1.85%
428 0066 048 00	City Of Hayward	2	944	D St	\$ 912.87	0.15%
428 0066 049 00	City Of Hayward	2		D St	\$ 1,269.40	0.21%
428 0066 084 00	City Of Hayward	2	22730	C St	\$ 4,539.44	0.76%
428 0071 023 00	City Of Hayward	2	835	C St	\$ 17,488.93	2.94%
428 0076 023 07	City Of Hayward	1		Watkins St	\$ 5,944.56	1.00%
428 0076 027 05	City Of Hayward	1		Watkins St	\$ 6,986.55	1.17%
431 0044 022 01	City Of Hayward	2	22735	Sutro St	\$ 3,509.31	0.59%
				TOTAL	\$ 120,690.32	20.26%
428 0071 002 00	Redevelopment Agency Of The City Of Hayward	1	789	B St	\$ 1,534.81	0.26%
428 0071 003 00	Redevelopment Agency Of The City Of Hayward	1	799	B St	\$ 1,658.40	0.28%
428 0071 020 00	Redevelopment Agency Of The City Of Hayward	2	822	C St	\$ 3,847.56	0.65%
				TOTAL	\$ 7,040.77	1.18%

Section 5

District Rules and Regulations and Governance

Governance:

Pursuant to the City of Hayward's Community Benefit District Ordinance and Section 36600 of the California Streets and Highway Code, a District Management Corporation or Owners' Association, will operate the district on a day to day basis, review District budgets and policies annually within the limitations of the Management District Plan. The Management Corporation will file Annual Reports with the City of Hayward (City) and will oversee the day-to-day implementation of services as defined in the Management District Plan. Streets and Highway Code, Section 36614.5 states:

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

There are no specific rules and regulations prescribed for the proposed Downtown Hayward Community Benefit District Management Corporation except that it will adhere to the open meeting provisions of the Ralph M. Brown Act and will seek to be as open and transparent to the CBD assesses and the public at large as is reasonably possible.

Section 6 Implementation Timetable

The following steps will be followed to establish the Downtown Hayward CBD:

<i>Task</i>	<i>Estimated Deadline</i>
Completion of Petition Drive	The petition drive was postponed in late 2016 and picked up again in the summer of 2017 due to the completion of the entitlement process for the former Mervyn’s headquarter site. It is anticipated that the petition drive will be completed by late September 2017
Resolution of Intent	In October , the City Council will receive a staff report and adopts a “Resolution of Intent” to form the CBD. The requisite number of weighted petitions must be submitted to the City to trigger this process and allow the balloting to proceed. The City Council instructs the City Clerk to mail ballots to all affected property owners within the CBD boundaries. The ballots will be due by the public hearing date and will allow each property owner to vote “yes” or “no” on the mail ballot
Public Hearing	It is anticipated that the public hearing will be held the last Council meeting in late November or in December . Testimony will be given by property owners and the City Clerk will go into an adjacent room to open and calculate the ballots. The CBD may be formed if the weighted majority of returned, signed ballots support the formation of the district
Resolution of Formation	Once the weighted return ballots are calculated and demonstrate support for the formation of the CBD, the City Council may then adopt a “Resolution of Formation” to create the CBD. The City Council will vote to levy the assessments on the benefitting parcels.
Management Corporation set up	Between December and February , a new non-profit district management corporation will be created from the CBD Steering Committee members. They will elect interim officers, create articles of incorporation, incorporate with the state, adopt bylaws and enter into a contract with the City to administer the new CBD on behalf of the property owners. This new district management corporation would be open to business or property owner wishing to participate in the CBD funded improvement to Downtown
First revenues	It is anticipated that the City may offer a full year loan to the new District Management Corporation in early 2018 to get the services underway. The term and conditions of repayment of the loan will be determined in discussion between the new management corporation and the City Manager’s office.

The Downtown Hayward CBD is expected to be established and begin assessing benefitting parcels as of December 2018.

Section 7
Assessment Roll of Properties Included

APN	Annual Assessment		
415 0240 001 02	\$6,191.76	427 0011 016 00	\$4,783.23
415 0240 035 00	\$1,855.41	427 0011 018 00	\$1,331.12
415 0240 036 01	\$3,776.85	427 0011 019 00	\$4,946.63
415 0240 037 00	\$989.06	427 0011 020 00	\$4,870.31
415 0240 038 00	\$5,469.27	427 0011 021 00	\$2,398.94
415 0240 039 00	\$2,153.86	427 0011 022 00	\$557.88
415 0240 040 00	\$1,561.25	427 0011 024 01	\$3,250.49
415 0240 041 00	\$3,082.99	427 0011 025 00	\$2,638.01
415 0240 042 00	\$795.05	427 0011 026 00	\$529.23
415 0250 021 07	\$3,904.54	427 0011 027 00	\$480.77
415 0250 111 02	\$4,291.00	427 0011 028 00	\$1,241.56
415 0250 112 00	\$1,148.00	427 0011 029 00	\$1,306.23
415 0250 113 00	\$4,830.00	427 0011 030 00	\$1,231.51
415 0250 116 00	\$3,113.22	427 0011 031 00	\$1,254.67
415 0240 027 00	\$861.84	427 0011 032 00	\$1,269.82
415 0240 028 03	\$9,519.23	427 0011 033 00	\$1,869.74
415 0250 002 25	\$3,416.13	427 0011 034 00	\$1,535.01
415 0250 002 30	\$1,496.58	427 0011 035 00	\$1,020.83
415 0250 002 36	\$4,376.81	427 0011 036 00	\$1,296.28
415 0250 021 08	\$5,432.37	427 0011 037 00	\$888.31
415 0250 114 01	\$3,232.70	427 0011 038 00	\$2,597.03
415 0250 115 00	\$10,730.31	427 0011 039 00	\$2,200.87
427 0001 001 00	\$801.98	427 0016 001 00	\$2,051.94
427 0001 002 00	\$841.94	427 0016 018 00	\$5,351.09
427 0001 003 00	\$1,775.13	427 0016 019 00	\$1,668.97
427 0001 004 00	\$475.82	427 0016 020 00	\$741.90
427 0001 005 00	\$503.26	427 0016 026 00	\$4,198.17
427 0001 006 01	\$1,018.21	427 0016 050 04	\$6,958.00
427 0001 006 02	\$441.72	427 0016 052 00	\$1,228.66
427 0001 007 00	\$1,156.90	428 0026 004 00	\$3,372.92
427 0001 008 00	\$746.90	428 0026 006 05	\$2,070.34
427 0001 009 05	\$833.75	428 0026 008 09	\$2,177.61
427 0001 010 03	\$913.92	428 0026 064 01	\$5,082.59
427 0001 011 00	\$1,582.91	428 0026 067 03	\$10,641.31
427 0011 002 00	\$2,657.09	428 0026 068 01	\$41,277.65
427 0011 003 02	\$1,932.26	428 0051 062 00	\$2,702.17
427 0011 004 00	\$1,259.47	428 0051 063 00	\$1,178.09
427 0011 005 00	\$1,176.86	428 0051 064 00	\$1,751.28
427 0011 006 00	\$1,416.36	428 0051 096 00	\$9,380.33
427 0011 007 00	\$1,625.76	428 0051 097 00	\$3,375.92
427 0011 008 00	\$375.81	428 0051 098 00	\$3,158.22
427 0011 009 00	\$584.74	428 0056 035 00	\$1,659.91
427 0011 010 00	\$6,924.08	428 0056 036 00	\$1,218.75
427 0011 011 00	\$6,074.34	428 0056 037 00	\$1,773.21
427 0011 012 00	\$1,001.21	428 0056 038 00	\$2,025.54
427 0011 013 00	\$1,872.93	428 0056 039 00	\$1,027.27
427 0011 014 00	\$1,639.54	428 0056 040 00	\$2,152.40
427 0011 015 00	\$1,037.34	428 0056 045 00	\$1,868.32
		428 0056 046 00	\$1,060.75
		428 0056 047 00	\$1,058.03

428 0056 048 00	\$597.03	428 0061 046 02	\$1,226.45
428 0056 050 01	\$1,390.15	428 0061 047 01	\$467.91
428 0056 051 00	\$659.79	428 0061 047 02	\$1,636.80
428 0056 052 00	\$1,487.97	428 0061 048 01	\$428.92
428 0056 053 00	\$139.99	428 0061 048 02	\$968.38
428 0056 054 01	\$461.98	428 0061 049 01	\$311.94
428 0056 054 03	\$576.02	428 0061 049 03	\$1,329.47
428 0056 054 04	\$881.03	428 0061 050 01	\$1,606.15
428 0056 055 00	\$1,245.95	428 0061 051 01	\$506.90
428 0056 056 00	\$259.85	428 0061 051 02	\$1,160.55
428 0056 057 00	\$1,676.70	428 0061 053 01	\$623.88
428 0056 058 00	\$540.97	428 0061 053 02	\$3,310.54
428 0056 059 00	\$552.52	428 0061 054 00	\$420.08
428 0056 060 00	\$1,568.71	428 0061 055 00	\$716.45
428 0056 061 00	\$631.39	428 0061 056 00	\$1,787.74
428 0056 062 00	\$1,097.57	428 0061 057 00	\$885.02
428 0056 063 01	\$1,961.86	428 0061 058 00	\$2,406.01
428 0056 063 02	\$66.96	428 0061 059 00	\$433.39
428 0056 064 00	\$518.74	428 0061 061 01	\$17,158.25
428 0056 065 00	\$874.58	428 0066 001 00	\$1,641.08
428 0056 066 00	\$4,242.25	428 0066 002 00	\$915.51
428 0056 067 00	\$566.98	428 0066 003 00	\$875.26
428 0056 068 00	\$687.03	428 0066 004 00	\$758.64
428 0056 069 00	\$563.42	428 0066 005 00	\$410.40
428 0061 001 02	\$1,112.22	428 0066 006 00	\$600.30
428 0061 002 02	\$769.41	428 0066 007 00	\$1,686.45
428 0061 004 02	\$927.81	428 0066 008 00	\$1,754.80
428 0061 005 04	\$608.32	428 0066 011 01	\$3,532.71
428 0061 015 00	\$1,561.07	428 0066 012 00	\$1,416.01
428 0061 017 02	\$3,153.84	428 0066 013 02	\$2,289.61
428 0061 018 00	\$1,983.97	428 0066 014 00	\$3,231.55
428 0061 019 02	\$2,224.23	428 0066 015 00	\$496.93
428 0061 027 00	\$960.54	428 0066 016 00	\$513.04
428 0061 028 02	\$773.96	428 0066 018 01	\$2,216.19
428 0061 029 00	\$7,851.51	428 0066 019 00	\$653.92
428 0061 030 00	\$862.04	428 0066 021 01	\$2,460.97
428 0061 031 00	\$2,099.05	428 0066 022 00	\$1,106.87
428 0061 032 00	\$1,845.55	428 0066 023 00	\$679.92
428 0061 033 00	\$2,363.03	428 0066 024 00	\$6,746.70
428 0061 034 00	\$2,197.51	428 0066 025 00	\$1,322.26
428 0061 037 00	\$2,604.91	428 0066 026 00	\$1,076.95
428 0061 038 02	\$2,023.51	428 0066 027 00	\$1,065.98
428 0061 039 01	\$3,203.00	428 0066 028 00	\$2,008.09
428 0061 040 02	\$4,989.45	428 0066 029 00	\$1,238.49
428 0061 041 00	\$4,744.09	428 0066 036 00	\$2,299.65
428 0061 042 00	\$1,095.38	428 0066 037 00	\$2,254.65
428 0061 043 00	\$648.38	428 0066 038 01	\$1,970.93
428 0061 044 00	\$592.61	428 0066 038 02	\$834.49
428 0061 045 00	\$3,070.37	428 0066 039 00	\$3,562.94
428 0061 046 01	\$545.89	428 0066 040 00	\$471.24

428 0066 041 00	\$703.35
428 0066 042 00	\$774.11
428 0066 043 00	\$1,563.88
428 0066 044 00	\$937.87
428 0066 045 00	\$11,005.44
428 0066 046 00	\$3,300.30
428 0066 047 00	\$878.93
428 0066 048 00	\$912.87
428 0066 049 00	\$1,269.40
428 0066 053 00	\$1,115.51
428 0066 054 00	\$826.88
428 0066 055 00	\$628.66
428 0066 056 00	\$1,380.21
428 0066 058 01	\$2,570.73
428 0066 059 00	\$885.61
428 0066 060 00	\$741.06
428 0066 063 06	\$2,307.54
428 0066 067 00	\$554.52
428 0066 069 01	\$2,139.55
428 0066 070 00	\$1,114.36
428 0066 071 00	\$684.49
428 0066 083 04	\$779.41
428 0066 084 00	\$4,539.44
428 0066 085 00	\$12,779.09
428 0066 086 00	\$5,381.32
428 0071 002 00	\$1,534.81
428 0071 003 00	\$1,658.40
428 0071 018 00	\$795.89
428 0071 019 00	\$2,255.78
428 0071 020 00	\$3,847.56
428 0071 023 00	\$17,488.93
428 0071 048 00	\$3,508.08
428 0071 049 00	\$8,101.55
428 0076 023 07	\$5,944.56
428 0076 023 10	\$492.80
428 0076 023 13	\$7,684.03
428 0076 027 05	\$6,986.55
428 0076 027 09	\$1,917.38
431 0044 022 01	\$3,509.31
431 0044 035 04	\$14,173.69