



DATE: July 10, 2018

TO: Mayor and City Council

FROM: City Manager

SUBJECT Resolution of Formation to Form the Downtown Hayward Community Benefit District and Appropriation of Funds.

RECOMMENDATION

That the City Council conducts a public hearing and adopts the following:

1. Resolution of Formation for the Downtown Hayward Community Benefit District (Attachment II) if the support received by the ballots from the property owners of the proposed Community Benefit District is more than 50% of the weighted assessment for the ballots received prior to the conclusion of the public testimony given at the public hearing. If no majority protest exists, the Resolution of Formation may be adopted by the Hayward City Council, and
2. Resolution (Attachment III) appropriating the City's first year assessment of \$163,844.62 from the General Fund to the Downtown Hayward CBD's management corporation, if the Resolution of Formation is adopted.

SUMMARY

Over the past three years, the City has been working to establish a Community Benefit District (CBD) in Downtown Hayward. Earlier this year, the City secured petitions to establish a CBD from over 50% of property owners in the proposed district. On May 15, 2018, the City Council adopted a Resolution of Intention, triggering the issuance of ballots for proposed district property owners to vote to establish the Downtown Hayward CBD. This item involves a public hearing and the tallying of these ballots. If no majority protest exists, the Resolution of Formation may be adopted by the City Council, establishing the Downtown Hayward CBD.

BACKGROUND

Formation of the Community Benefit District is authorized by Article XIII(d) of the State Constitution, Section 36600 of the California Streets and Highway Code, as well as Article 20, Chapter 8 of the Hayward Municipal Code. Below is a summary of the major milestones in formation of the Downtown CBD.

1. A CBD Steering Committee was assembled in July 2014 to include all interested parties with emphasis on the larger property owners in the study area. The State constitution mandates that a property assessment district can only be formed by an assessment

ballot with support by the majority of weighted property owners within a given district.

2. The CBD Steering Committee investigated and mailed a survey to all the affected property owners. The Committee reviewed the survey results and based upon the response, it set the boundaries and special services plan endorsed by the responding property owners. The Committee adopted a management district plan and the plan outlined the special benefits to be funded, the term of the district, the boundaries, benefit zones, the assessment methodology which identified a formula for determining the costs to each property owner, and the proposed management of the district.
3. Once the CBD plan was approved by CBD Steering Committee, the plan was submitted to the City for review and an Assessment Engineer certified that the plan was compliant with the conditions of Article XIII(d) of the State Constitution. Once the Management District Plan was approved by the City, a petition drive was circulated which seeks to demonstrate support by minimum of 50% of the property owners by weight. Once the 50% weighted threshold had been met, the petitions were then submitted to the City for processing;
4. City staff prepared a Resolution of Intent for consideration by the City Council at a public meeting. This was done on May 15, 2018. According to the State Constitution, property owners must then be allowed to submit ballots on the formation of the district at a public hearing. By adopting the Resolution of Intent, the City Council instructed the City Clerk to mail out the ballots to every affected property owner within the boundaries of the proposed CBD. The assessment amount was printed on each ballot and each property owner had the opportunity to register support or opposition to the formation of the district. The property owners had no less than 45 days from the date of the mailing in which to return the ballots. The mail ballots must be returned to the City Clerk by the conclusion of the public testimony at the public hearing scheduled for the Council meeting on July 10th, 2018.
5. After the public testimony at the public hearing, the City Clerk will then count the returned ballots and separate those in support and those in opposition. If the returned, weighted ballots (more than 50%) of support exceed those returned in opposition, the City Council may then adopt a Resolution of Formation that levies the assessments on the benefitting parcels. The City will then inform the County Assessor to levy the assessments on the next cycle of property taxes bills consistent with the amounts listed in the Management District Plan and Assessment Engineer's report.
6. The assessments will then appear as a line item on the property tax bills in September 2018 and will be separated and sent to the City for processing. Once an account has been established and a contract is in place with the designated management corporation, the CBD assessments will be transferred to the non-profit management corporation for allocation of the assessments in accordance with the Management District Plan.

DISCUSSION

On May 15, 2018, the City Council adopted a Resolution of Intention for the CBD as a result of the Committee receiving signed petitions representing over 50% of the weighted assessment within the proposed boundaries of the district. This allowed the CBD establishing process to proceed to the balloting process.

Ballots were mailed to property owners within the proposed boundaries over 45 days prior to the July 10th, 2018 public hearing, the ballot packet included (Attachment IV):

- A Notice of Public Hearing
- Ballot Instructions – Procedures for Completion, Return and Tabulation of The Assessment Ballot
- An Official Ballot
- Ballot Return Envelope
- A copy of the Management Plan

This meeting/public hearing, which is required by the California's Street and Highway Code and the California State Constitution, gives the property owners an opportunity to voice their opinion regarding the formation of the district and cast their votes for or against the district in a public forum.

Ballots are accepted until the close of the public testimony at the public hearing. At the close of the public testimony, the balloting agenda item will be recessed. At the time, the City Clerk and staff will convene in Conference Room 2A to unseal and tally the ballots, determining the weight of each ballot submitted. Once completed, the City Clerk will return to the City Council Chambers with the final weighted ballot count and the agenda item will continue.

If the ballots received in support of the proposed Downtown CBD represents more than 50% of the weighted assessments, the District may be approved by the City Council through the attached Resolution of Formation.

At the May 15, 2018 City Council meeting, the Council expressed a desire to direct the future CBD Management Corporation to adopt a "Hardship Policy" for non-profits and ecumenical properties within the district boundaries. This language is included in the attached Resolution of Formation (Attachment II).

ECONOMIC IMPACT

Staff estimates the Downtown Hayward Community Benefit District will raise \$596,000 annually to be spent for special benefit services, over and beyond baseline services provided by the City, in Downtown for the purpose of increasing demand, commerce and creating a cleaner and more dynamic community.

Similar districts have produced a return on investment in the form of higher sales and higher property values. The survey results and petitions received from property owners as described in this report indicate that there is solid support from owners willing to invest in these special benefits for their property, their surroundings, and to improve the Downtown 's image.

FISCAL IMPACT

The City Council previously approved funds for the New City America contract and ancillary items related to the formation of the Downtown Hayward CBD.

If the CBD is approved, the City's annual assessment cost would be \$163,844.62. This will be funded from the General Fund per Attachment III.

STRATEGIC INITIATIVES

This agenda item supports the Complete Communities strategic initiative. The purpose of the Complete Communities initiative is to create and support structures, services, and amenities to provide inclusive and equitable access with the goal of becoming a thriving and promising place to live, work and play for all. Specifically, this item supports the following goal and objectives:

Goal 1: Improve quality of life for residents, business owners, and community members in all Hayward neighborhoods.

Objective 1: Increase neighborhood safety and cohesion.

Objective 2: Foster a sense of place and support neighborhood pride.

Objective 3: Increase collaboration with businesses.

NEXT STEPS

If the Resolution of Formation is adopted, staff will return to the Council following the August recess, for approval of the contract with the non-profit management corporation for administration of the district. It is anticipated that the Steering Committee will begin work immediately on the non-profit corporation and establishment of an interim Board of Directors.

An agreement with the interim Board of the new non-profit management corporation will likely take 90 – 120 days. In the meantime, the City staff will work closely with the Steering Committee to ensure the work of establishing and executing this new program proceeds effectively and efficiently.

Prepared & Recommended by:

John Stefanski, Management Analyst II
Marco Li Mandri, Consultant, New City America

Approved by:

A handwritten signature in black ink, appearing to read 'K. McAdoo', written in a cursive style.

Kelly McAdoo, City Manager