



**DATE:** October 2, 2018

**TO:** Mayor and City Council

**FROM:** City Manager

**SUBJECT** Authorization for the City Manager to Negotiate and Execute a Professional Services Agreement with New City America for Establishing the Downtown Hayward Community Benefit District Non-Profit Management Corporation Interim Administration in an Amount Not to Exceed \$30,000

**RECOMMENDATION**

That the City Council adopts the attached resolution (Attachment I) authorizing the City Manager to execute an agreement with New City America in an amount not to exceed \$30,000 to pursue the creation of the Downtown Community Benefit District’s Non-Profit Management Corporation and its interim administration.

**SUMMARY**

On July 10, 2018, downtown Hayward property owners voted in favor of establishing a Community Benefit District (CBD), levying a special assessment that would generate upwards of \$600,000 annually for a variety of special services in downtown Hayward. The downtown property owners are now working to develop a non-profit management corporation to administer the programs and projects of the planned CBD. This contract with New City America is for the interim administration of the CBD and to establish a non-profit management corporation to govern and manage the CBD moving forward. This item is being brought to the City Council given the total amount of compensation the contractor has received over the last four years.

**BACKGROUND**

On July 10, 2018, downtown Hayward property owners voted in favor of establishing a Community Benefit District (CBD), levying a special assessment that would generate upwards of \$600,000 annually for a variety of special services in downtown Hayward. There are four general categories of services articulated in the CBD’s Management District Plan. Each category will receive a certain percentage of the total assessments as shown below:

1. Sidewalk Operations—This category of special benefits reserves 69% of expenditures for safety, cleanliness, beautification, and the maintenance of an attractive appearance of the District.

2. District Identify and Streetscape Improvements—This category reserves 15% of expenditures for branding and advertising, seasonal decorations and events, art, potential valet service, and public space design and development.
3. Program Management and Corporate Operations—This category reserves 13% of expenditures for staff and administration, insurance, rent, legal, and accounting.
4. Contingency/City and County Fees/Reserve—This category reserves 3% of expenditures for delinquencies, City and County fees, and reserves.

Since the Spring of 2014, the City has contracted with New City America to assist in the creation of the Downtown Hayward Community Benefit District. Over the last four years, the City has spent \$112,405 to fund these services. These funds shall be reimbursed to the City through district assessment revenue, once the district begins to receive revenue. This is anticipated to begin in early 2019.

## **DISCUSSION**

Downtown property owners and New City America are in the process of developing a non-profit management corporation to administer the programs and projects of the planned CBD. The first step in this process is to establish an interim Board of Directors for the CBD non-profit management corporation (CBD Corporation). On September 5, 2018, property owners in the District met to discuss the composition of the interim board of the CBD Corporation as well as the steps necessary to formally establish the CBD Corporation.

The property owners have elected four officers to lead the Interim Board of Directors. They are:

- President—Jeff Jurow, Structure Properties (Green Shutter Hotel)
- Vice President—Blake Peters, Bay Area Property Developers (Maple & Main)
- Secretary—Stacey Bristow, City of Hayward—Development Services Department
- Treasurer—Dinesh Shah, Property Owner (926 B Street)

Under this contract, New City America will complete the following tasks as described in Attachment III Scope of Services:

- Consolidate Interim Board of Directors with Formal Board of Directors.
- Coordinate selection of Board and Officers.
- Schedule monthly interim Board meetings.
- Adopt Articles of Incorporation and file with Secretary of State.
- Submit bylaws and 501(c)3 application to Internal Revenue Service.
- Present first year Downtown Hayward CBD budget.
- Establish committee structure and committee workplans.
- Establish contract between City and CBD Corporation for collection and remittance of assessments to CBD Corporation.
- Set up bank account and insurance coverage for CBD Corporation.
- Solicit for administrator or executive director to run the CBD Corporation.

This work is ongoing and scheduled to be completed by January 15, 2019.

### **ECONOMIC IMPACT**

The Downtown Hayward Community Benefit District will raise \$596,000 annually to be spent for special benefit services in Downtown for the purpose of increasing customer 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.

### **FISCAL IMPACT**

Total compensation previously paid to this consultant for tasks associated with the formation of the Downtown Community Benefit District over the past four years exceeds the \$75,000 contract threshold requiring City Council approval. The total cost of this contract is \$30,000 and will be funded from of the Economic Development Division's FY2019 budget. The General Fund will be reimbursed for this contract through future revenues from the Downtown CBD.

### **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**

Following execution of this contract, New City America will coordinate all necessary activities to formally establish the Downtown Hayward CBD and its Non-Profit Management Corporation.

*Prepared and Recommended by:* John Stefanski, Management Analyst II

Approved by:



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Kelly McAdoo, City Manager