

MANAGEMENT DISTRICT PLAN
for the renewal of the
DOWNTOWN BERKELEY
PROPERTY-BASED BUSINESS IMPROVEMENT DISTRICT (PBID)

FINAL PLAN
February 24, 2016

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Exhibits

- i. Engineer's Report with list of properties to be benefited
- ii. Map with parcel detail
- iii. Base level of services letter from City of Berkeley

Exhibits are available upon request to the Downtown Berkeley Association.

Prepared for the Downtown Berkeley Association by
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INTRODUCTION

Formed in 2011 by property owners, the Downtown Berkeley PBID is a special district that collects a self-governed assessment on property to provide environmental enhancements through hospitality, maintenance and beautification services, and economic enhancements to improve the Downtown business climate.

The PBID was formed with a five year term and is set to expire, unless renewed by Downtown property owners and the City of Berkeley, at the end of 2016. To prepare for the renewal of the PBID, the Downtown Berkeley Association (DBA) retained the services of Progressive Urban Management Associates, Inc. to update the organization's strategic plan. With priorities gained from the DBA Board of Directors, stakeholder focus groups and responses to an online community improvement survey, the proposed new PBID Management Plan will offer support for the following services:

- Continued deployment of "Ambassador" teams to provide enhanced hospitality, cleaning and landscaping throughout the district;
- Increased energy and resources to reduce disruptive street behaviors and work with civic and social service partners to address homelessness;
- New resources to provide enhanced cleaning that adapts to drought tolerant practices and a expanded marketing function to undertake research, communications and other related activities.
- "Placemaking" and beautification through capital improvements and ongoing programs.
- Continued economic enhancements supporting local businesses and attracting new investment and businesses.

MANAGEMENT PLAN SUMMARY

Pursuant to California Streets and Highways Code, the "Property and Business Improvement District Law of 1994 as amended", the existing Downtown Berkeley PBID is being renewed for a ten year term. Upon receipt of petitions signed by property owners representing greater than 50% of the District budget, the City of Berkeley will initiate a ballot procedure to officially form and renew the PBID.

Governed by the Downtown Berkeley Association board of directors, the District's work program will deliver proposed activities and improvements to improve and convey special benefits to properties located within the Downtown Berkeley PBID area. The District will continue to provide both environmental and economic enhancements. Each of the activities is designed to meet District goals:

1. Producing a consistently clean, welcoming, and attractive Downtown experience,
2. Attracting and retaining new businesses,
3. Cultivating a fun and vibrant Downtown "living room",
4. Enhancing property values, sales, and occupancies, and
5. Helping Downtown businesses compete locally and regionally.

As described in the Management District Plan, it is proposed that the PBID will provide funding for enhanced maintenance, hospitality, beautification, placemaking, business support and attraction, parking management and marketing programs, above and beyond those provided by the City of Berkeley.

Location	The district boundary encompasses the core of the downtown area focused along the Shattuck and University Avenue corridors in Downtown Berkeley. Two areas will be added to the District: 1) one block west along University Avenue between Martin Luther King Jr Way and Grant Street and 2) three blocks south along the Shattuck Avenue corridor between Dwight Way and Carleton Street. To assess for the special benefit each parcel receives from the PBID activities, two benefit zones will continue. A third benefit zone will also be established for the additional three blocks along Shattuck Avenue to acknowledge this area’s relationship to the City’s Adeline Planning Area.
Improvements & Activities	<p>A Welcoming, Attractive and Economically Vital Downtown: The PBID will finance improvements and activities that will improve Downtown Berkeley’s environment for property owners, residents, workers and visitors, including:</p> <p>Environmental Enhancements:</p> <ul style="list-style-type: none"> • Maintenance Teams that sweep, scrub and pressure wash sidewalks, remove litter and graffiti, increase the frequency of trash removal and maintain landscaping throughout the District. • Hospitality Ambassadors that provide visitor information, safety escorts, merchant outreach, city services liaison, event support, homeless services outreach and referrals, and work with local police and business and property owners to prevent crime and address quality of life issues. • Beautification and placemaking improvements that make Downtown Berkeley more visually attractive, which may might include: enhanced landscaping, holiday décor, way-finding signage, trash receptacles, streetscape, planters, urban design plans, bike racks, programming of BART Plaza and other public spaces, etc. <p>Economic Enhancements:</p> <ul style="list-style-type: none"> • Promote and support local business through marketing programs and city liaison role and attract new businesses and investment that further the strategic goals of the Downtown. • Advance Downtown Berkeley’s evolution as a regional destination for arts, culture and entertainment. • Marketing and communications to support PBID activities and improvements and promote a positive image for Downtown Berkeley. • Strategies to improve the parking and transit experience to support local businesses, residents, and arts/culture/civic destinations.. • Leadership through research and community education to represent the downtown community with one clear voice.
Method of Financing	Levy of assessments upon real property that benefit from improvements and activities.

Budget	Total district PBID assessment budget for its first year of operations is \$1,518,122 , as follows:			
		PBID Budget	Less: General Benefit	Assessment TOTAL
	Budget Assumptions			
	Environmental Enhancements			
	Cleaning & Hospitality Program	930,437	14,106	916,331
	Beautification & Placemaking	150,475	0	150,475
	Administration: Environment	162,137	2,116	160,021
	Total Environment	1,243,049	16,221	1,226,827
	Economic Enhancements			
	Marketing, Business Support, Etc.	253,300	0	253,300
	Administration: Economy	37,995	0	37,995
	Total Economy	291,295	0	291,295
TOTAL	1,534,343	16,221	1,518,122	
	<p>General Benefit Allowance: An allowance is made for general benefits that the district may provide to either the parcels outside the district boundary or to the public at large. Any PBID services that are found to provide general benefit cannot be paid for with assessment revenue. A certified engineer has estimated that the general benefit from services accounts for \$16,221 of the estimated budget, resulting in a total assessment budget of \$1,534,343.</p>			

Cost	<p>Annual assessments are based upon an allocation of program costs within two benefit zones and a calculation of land plus building square footage within each zone. Two benefit zones, "Premium and Standard" provide two different levels of service. The "Premium" service zone encompasses the area of highest intensity of use and receives more services. Environmental services (i.e. improved cleaning, hospitality, landscaping and placemaking) will be approximately twice as frequent in the "Premium" zone as in the "Standard" zone. Economic enhancements (i.e. marketing, parking management and business support) will be distributed equally throughout the district.</p> <p>The proposed three-block addition along Shattuck Avenue will be a third "South Shattuck Benefit Zone". This area will receive the "Standard" level of services. The third zone is to recognize this area's status in the City's Adeline Planning Area. If, at some time during the ten year term of the PBID, a new PBID is formed in the Adeline Planning Area, South Shattuck Benefit Zone property owners may opt out of the Downtown PBID and become part of a new PBID.</p> <p>Properties with residential, government and tax-exempt uses will pay an adjusted rate. Residential properties will fully benefit from environmental services, but they will not benefit from economic enhancements and their assessments will be adjusted accordingly. Tax-exempt and government properties will not gain the full benefit from environmental services as compared to commercial and residential properties, and their assessments are also adjusted accordingly.</p>
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	<p>Estimated annual maximum assessment rates for the first year of the district are as follows:</p> <table border="1"> <thead> <tr> <th>Land + Building Projected Assessment Rates</th> <th>Lot + Building</th> </tr> </thead> <tbody> <tr> <td>Environmental Enhancements</td> <td></td> </tr> <tr> <td> Premium</td> <td>0.1668</td> </tr> <tr> <td> Standard</td> <td>0.0834</td> </tr> <tr> <td>Economic Enhancements</td> <td>0.0564</td> </tr> <tr> <td>TOTAL</td> <td></td> </tr> <tr> <td> Premium: Commercial</td> <td>0.2232</td> </tr> <tr> <td> Standard: Commercial</td> <td>0.1398</td> </tr> <tr> <td> Premium: Residential</td> <td>0.1668</td> </tr> <tr> <td> Standard: Residential</td> <td>0.0834</td> </tr> <tr> <td> Premium: Tax Exempt/Government</td> <td>0.1251</td> </tr> <tr> <td> Standard: Tax Exempt/Government</td> <td>0.0626</td> </tr> </tbody> </table> <p>Rate Adjustment: Over the first five years of the PBID, rates will have increased a total of 5%, or an average 1.25% per year. The rates above project a approximate 10% one-time rate adjustment over the projected 2016 assessment rates. The adjustment is needed to catch up with increasing labor costs associated with the Ambassador program, and to launch new initiatives related to the cleaning and marketing of the District.</p>	Land + Building Projected Assessment Rates	Lot + Building	Environmental Enhancements		Premium	0.1668	Standard	0.0834	Economic Enhancements	0.0564	TOTAL		Premium: Commercial	0.2232	Standard: Commercial	0.1398	Premium: Residential	0.1668	Standard: Residential	0.0834	Premium: Tax Exempt/Government	0.1251	Standard: Tax Exempt/Government	0.0626
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Cap	Following renewal of the District, annual assessments may increase no more than 5% per year consistent with the increase in consumer price index (CPI) and increases in program costs. The determination of annual adjustments in assessment rates will be subject to the review and approval of the Downtown Berkeley Association (DBA) board of directors.																								
City Services	The City of Berkeley will provide an accounting of baseline services that are currently provided within the District and will continue through the duration of the planned renewal.																								
Collection	PBID assessments appear as a separate line item on the annual Alameda County property tax bills.																								
District Governance	The PBID will continue to be managed by the Downtown Berkeley Association (DBA) board of directors. A majority of the DBA board is composed of property owners and/or their representatives within the PBID.																								
District Formation	California law for PBID district formation requires the submission of petitions signed by property owners in the proposed district who will pay more than 50% of the total assessments (i.e. petitions must represent more than 50% of the \$1,513,330 to be assessed). Petitions are submitted to the Berkeley's City Council and the City will mail ballots to all affected property owners. The majority of ballots returned, as weighted by assessments to be paid, must be in favor of the PBID in order for the City Council to consider approval.																								
Duration	Collection of the first year's assessments will be included in Alameda County's 2016-2017 tax bill. Services will begin January 1, 2017 and continue through December 31, 2026. A five-year review of the district will evaluate market conditions and the need for any adjustments to the Management Plan. Any subsequent renewal of the district will require a new management plan, petition and mail ballot process.																								

II. WHY RENEW THE DOWNTOWN BERKELEY PBID?

What is a PBID?

The International Downtown Association estimates that more than 1,000 property-based business improvement districts (PBID) currently operate throughout the United States and Canada. **A PBID provides enhanced improvements and activities, such as public safety, maintenance and image enhancement, in addition to those provided by local government.** PBIDs provide services that improve the overall viability of business districts, resulting in higher property values, sales and tax revenues. Since the creation of California's Property and Business Improvement District Law in 1994, more than 100 new PBIDs have been established in California downtowns and other commercial districts, including Sacramento, Oakland, San Francisco, Santa Monica and San Jose. In Berkeley, there are three PBIDs – Downtown, Telegraph and North Shattuck.

Why Renew the Downtown Berkeley PBID?

- **Creating a Consistently Clean, Welcoming and Attractive Downtown Remains a Challenge:** The impetus for creating the PBID in 2010 was to address an inconsistent experience in Downtown's public realm – dirty sidewalks, graffiti and occasionally intimidating street behaviors that detracted from visitors' overall experiences. While the PBID made initial progress to stabilize the Downtown environment, there has been slippage. The challenge of California's drought is creating a need for new cleaning techniques and equipment. Continued permissive attitudes, influx of new street populations, and increasingly brazen behavior have resulted in a decline in perceptions of comfort and safety in the Downtown. Recent stakeholder surveys find reducing homelessness and disruptive street behaviors as downtown's overwhelming Number One priority.
- **Cultivate Fun & Vibrant Downtown "Living Room":** Downtown Berkeley is both the geographic and civic heart of the City. The PBID aims to attract residents and visitors of all ages to come and enjoy Downtown, by creating a vibrant and comfortable community gathering place with arts, culture, entertainment, education, recreation, open space, food, shopping, commerce, services, etc.
- **Enhance Property Values, Sales, and Occupancies:** PBIDs are a critical mechanism in strengthening the economic foundation of downtowns. The Downtown Berkeley PBID aims to fund improvements and services that enhance the overall economic vitality of the Downtown business district. Success is measured by higher property values, sales and occupancies.
- **Help Downtown Berkeley Compete:** As a business location and a retail/entertainment destination, Berkeley competes with growing business districts throughout the East Bay and beyond. The PBID provides resources to help Downtown Berkeley strengthen its unique position in this increasingly competitive market.
- **Maintain Ratepayer Control and Accountability:** The Downtown Berkeley Association board of directors ensures that decisions affecting assessments are made by a board with a majority of affected property and business owners. PBID-financed programs are subject to an annual audit and other private sector performance standards and controls.

III. THE PROCESS TO DEVELOP THE PBID MANAGEMENT PLAN

The PBID Management Plan is the result of a six month process to update the Downtown Berkeley Association’s Strategic Plan. The 2015 Strategic Plan aligns the organization’s priorities and structure with the opportunities anticipated over the next five to ten years. The 2015 Strategic Plan process was led by the DBA board of directors and staff and included input from a DBA board strategic planning retreat, stakeholder roundtables and a community survey.

Priorities from various groups for the future of Downtown were concentrated around the following major themes:

1. Make Downtown **safer and more welcoming** with an emphasis on reducing homelessness and disruptive street behaviors;
2. Improve **cleaning** in Downtown (particularly in light of recent drought)
3. Fill vacant storefronts and **support local businesses**.
4. **Invest in placemaking**, defined as both capital improvements and programming, to create better public amenities and more walkable, bikeable streets;
5. **Improve the parking experience** for residents, visitors and employees.
6. **Increased advocacy** with City and other agencies and stakeholders

Community Survey: An online community survey was distributed to gather additional insight into the Strategic Plan and inform the renewal of the PBID. 460 persons responded with a profile that included two-thirds Berkeley residents with household incomes evenly divided above and below \$100,000 per year. A majority of respondents also identified themselves as age 50 or greater. Key responses from the survey included:

1. The **key factors** for improving downtown over the past five years were:
 - i) cleaning services;
 - ii) homeless outreach services; and
 - iii) the growth of arts, live music and entertainment.

2. In an open response question, survey respondents were asked to describe **Downtown Today**. The resulting word cloud sorts the responses by frequency. The more the word was used to describe downtown today, the larger it appears in the word cloud.



Strategic Plan Vision, Framework & Construct: To achieve the preceding improvement priorities for Downtown, the following vision, framework and construct was developed to guide the next five to ten year strategic direction for the DBA and Downtown Berkeley.

The community engagement process revealed a consistent vision from a variety of Berkeley stakeholders for the future of Downtown that consists of the following five major elements:

Vibrant	Downtown will be a fun, dynamic and inclusive place that hums with activity. It will be a multi-dimensional destination, accommodating a variety of uses – a place to work, live, shop, be educated and entertained.
Safe	Downtown will be welcoming to all and provide safe and clean streets in a stable, predictable and hospitable environment.
Creative	Downtown will be a destination for creativity – a regional hub for arts and culture, and, in partnership with the University of California and other educational institutions, an internationally acclaimed center for innovation and entrepreneurship.
Sustainable	Downtown Berkeley will be a place that embraces and exemplifies all three pillars of sustainability – environmental balance, particularly in a time of extreme drought; economic prosperity with a focus on local independent businesses; and social equity, creating a variety of opportunities through diverse housing, jobs and education.
Prosperous	Downtown Berkeley will be a place where merchants, property owners, arts venues, and other businesses and nonprofits prosper with increased number of customers enjoying the Downtown.

The Strategic Plan Framework organizes a variety of actions and programs into an organizational construct to guide the future of the DBA. Guided by the preceding aspirations, the construct organizes program initiatives into the following three bundles:

Environment	Initiatives that aim to make Downtown Berkeley safe, clean and attractive. Environment actions focus on enhancements to the public realm and opportunities to make Downtown more welcoming for all.
Economy	Initiatives that aim to make Downtown a center of opportunity to work, shop, eat, drink, learn, play, and be inspired. Economic enhancements focus on providing support services to help a diverse economy thrive (i.e. office, housing, retail, cultural institutions, non-profits, etc.). Parking management is part of this bundle, viewed as supporting economic vitality as opposed to simply infrastructure.
Leadership & Advocacy	Initiatives that strengthen the DBA’s position as the champion of Downtown. Leadership and advocacy actions will aim to build broad support among property and business owners, residents, civic leaders and others to support policies that advance the Downtown vision to be vibrant, safe, creative and sustainable.

Within the program areas, ten complementary initiatives are envisioned:

Vision for Downtown: Vibrant Safe Creative Sustainable Prosperous		
Environment	Economy	Leadership & Advocacy
1. Safe & Welcoming Downtown	4. Business Support & Innovation	7. Unified Voice for Downtown
2. Clean & Beautiful Downtown	5. Arts, Culture & Entertainment	8. Mobilize Downtown Residents
3. Place-Making	6. Parking Management	9. Transportation & Mobility Options
10. Marketing & Communications		

Non-PBID Funding: The Strategic Plan identifies a variety of possible funding sources that can support Downtown improvement programming in addition to the PBID. These sources of funds, and their anticipated uses, include the following:

- **Parking Meter Revenue** from the extension of meters into the evening hours (e.g., 6 to 8 p.m.). Parking meter revenues are anticipated to help strengthen “Environment” activities by helping to fund dedicated police coverage for the Downtown, and other services to enhance Downtown safety and cleanliness.
- **Membership Dues** are identified as a potential revenue source to support “Leadership & Advocacy” priorities.
- **Transportation Management Grants** are envisioned to support policies aimed at increasing mobility options for Downtown workers and visitors.
- **Philanthropic Grants and Sponsorships** can be raised to help fund public art, other capital projects and special events.

The remainder of this Management Plan provides details on the proposed structure and use of PBID assessments.

IV. IMPROVEMENT & ACTIVITY PLAN FOR PBID RENEWAL

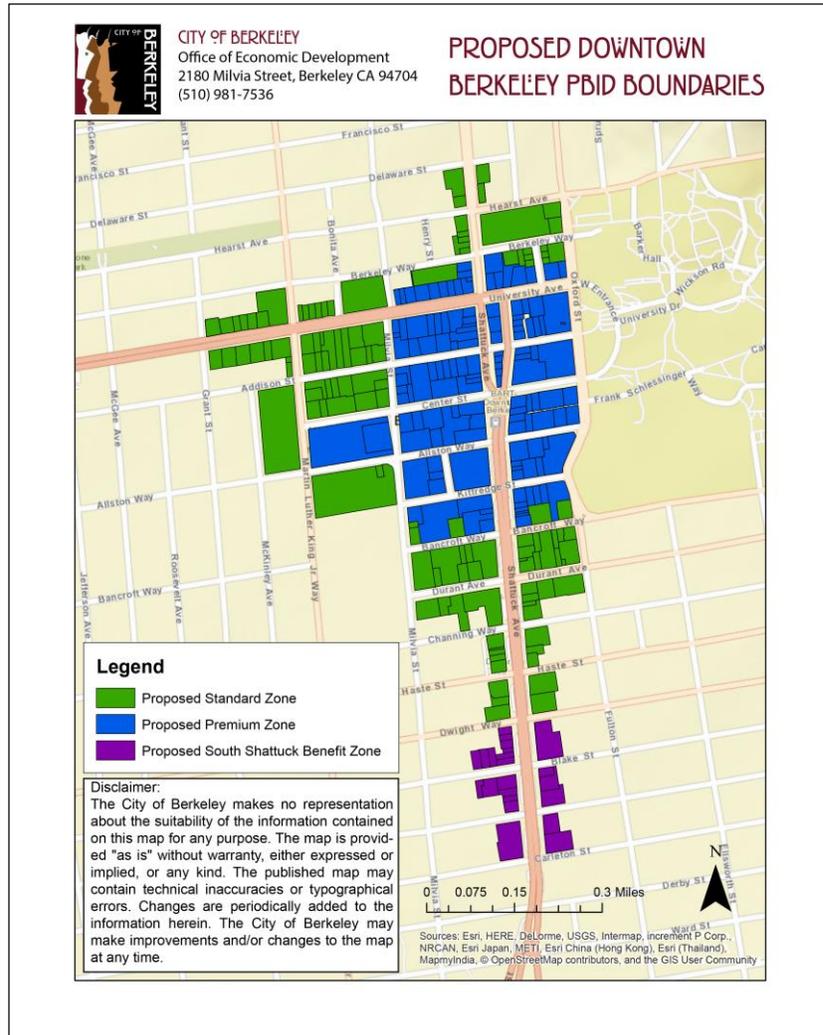
A. PBID Boundaries

Existing PBID Boundaries: The existing PBID district encompasses the core of the Downtown area along the Shattuck Avenue corridor bounded roughly by Delaware Street to the north, Oxford/Fulton Streets to the east, Dwight Way to the south and Martin Luther King Jr. Way to the west.

Benefit Zones: Two benefit zones provide two different levels of service. The benefits are delineated as follows:

- The Premium Service Area, which includes Downtown's core and the area of highest intensity of use, provides a higher frequency of environmental enhancements.
- The Standard Service Area, which includes areas on the periphery of the core to the north, west and south, offers a lower frequency of environmental enhancements.
- Commercial properties in both service areas equally benefit from and pay for economic enhancements.
- A third benefit zone is proposed for the three blocks added along Shattuck Avenue between Dwight Way and Carleton Street. This area will receive the Standard level of services from the Downtown PBID; however, this area is also located in the City's Adeline Planning Area. A new PBID may be formed within the Adeline Planning Area within the next ten years. If a new PBID is formed, property owners within the South Shattuck Benefit Zone may opt out of the Downtown PBID and become part of a new PBID.

Expansion Areas: Two areas for expanded service within the Standard Benefit Zone were evaluated in the PBID renewal process and are recommended to be added to the Downtown PBID. These areas include:



- One block west along the University Avenue corridor between Martin Luther King Jr. Way and Grant Street.
- Three blocks south along the Shattuck Avenue corridor between Dwight Way and Carleton Street.

A map of the proposed renewed district boundary is provided above and a more detailed map with specific parcel lines will be provided upon request.

B. Work Program

The work program aims to deliver on the core purpose of the PBID is to create and sustain a vibrant and prosperous City Center by:

1. Producing a consistently clean, welcoming, and attractive Downtown experience,
2. Attracting and retaining new businesses,
3. Cultivating a fun and vibrant Downtown “living room”,
4. Enhancing property values, sales, and occupancies, and
5. Helping Downtown businesses compete locally and regionally.

Services are bundled into two primary activity centers: Environmental and Economic Enhancements. The Environment services include efforts to make Downtown clean and welcoming. Plus this activity area includes resources for beautification and “placemaking”, defined as capital improvements, landscaping and programming to make Downtown more attractive and active. Economy enhancements include a variety of initiatives aimed to improve the Downtown business climate, including support for local businesses, attracting new investment, strengthening Downtown’s arts and culture niche, and marketing and communications to promote all PBID services and improve Downtown’s overall image.

ENVIRONMENTAL ENHANCEMENTS

Cleaning & Hospitality Ambassadors:

To respond to stakeholder priorities and guiding principles to make Downtown both more welcoming, clean and beautiful, the PBID funded Ambassador program will be strengthened moving forward.

In Downtown Berkeley, the Ambassador program has been a critical element to stabilize streets. Key accomplishments over the past year include:

Cleaning & Landscaping: 2014	Hospitality Services: 2014
8,959 bills/stickers removed	13,104 business contacts
7,660 graffiti tags removed	24,096 hospitality assistance
3,982 hazardous waste clean-up	10,747 maps/information distributed
202 block faces power-washed	951 referrals to shelters/resources
458 public fixtures painted	6,926 street population contacts
103,353 pounds of trash picked up (51.6 tons!)	2,242 assistance requested by businesses
8,695 trash cans leveled off	206 requests for fire/police/EMS
175 succulents planted	923 safety escorts
3,165 tree wells weeded	324 safety hazards reported
842 block faces weeded	2,894 contacts with trespassers/loiterers

Despite the progress to-date from the Ambassador program, challenges remain. California’s prolonged drought conditions are requiring new approaches and equipment to replace less expensive practices that relied on the unrestricted use of water. Plus, permissive civic attitudes that tolerate street populations and disruptive behaviors have led to more intimidation and less comfort on streets. On behalf of Downtown business and property owners, the PBID and DBA continue to search for

compassionate solutions and partnerships that will restore more orderly conduct, and create a welcoming environment for everyone.

The Management Plan provides for an increase in funding for Cleaning and Hospitality Ambassadors to allow for increases in program labor costs. Estimated deployment of Ambassadors is anticipated as follows:

Maintenance Frequencies	Premium	Standard
<i>Maintenance F.T.E.</i>	<i>272 hours per week (approximately 6.8 F.T.E.)</i>	
Average Weekly Coverage	7 days/week	5 days/week
Litter removal/pan & broom	Twice per day	Once per day
Detail cleaning of public amenities	Twice per day	Once per day
Graffiti removal	Daily as needed	Daily as needed
Weed removal	Daily as needed	Daily as needed
Pressure washing/spot cleaning	Daily as needed	Daily as needed
Pressure washing/scheduled cleaning	Four times per year	Two times per year
Hospitality Ambassadors	Premium	Standard
<i>Ambassadors F.T.E.</i>	<i>272 hours per week (approximately 6.8 F.T.E.)</i>	
Coverage in All Areas	7 days/week 8 to 16 hours	5 days/week 6 to 8 hours
Primary method of coverage	Foot patrols	Foot patrols
Patrol rounds	4 rounds per shift	2 rounds per shift
Business contacts	6 per shift	3 per shift
Visitor contacts	Daily	Daily
Outreach with street populations	Daily	Daily
Reporting	Daily	Daily

Deployment of Cleaning and Hospitality Services: Cleaning and hospitality services will continue to be deployed in each of two “benefit zones” within the PBID:

- **Premium Service Zone:** The Premium Service Zone includes areas of highest pedestrian activity where demands for clean and safe services are greatest. The service plan anticipates that service deployment frequencies within the premium service zone will be approximately double the remainder of the PBID – from the number of ambassadors to the frequency of sidewalk cleaning, and are reflected in the rate schedule.
- **Standard Service Zone:** The remaining areas of the PBID encompassed by the Standard Service Zone have less pedestrian activity, and demands for cleaning and hospitality services are generally lower. Service frequencies within the standard service zone are approximately half the frequency of services in the premium service zone, and are reflected in the rate schedule.

Beautification and Placemaking

In addition to the Clean and Safe program, PBID environmental enhancements include funds to invest in highly visible improvements that will add to the attractiveness of public spaces throughout downtown. Beautification and Placemaking improvements may include:

- Landscaping, planters, hanging flower baskets and other green elements.
- Seasonal holiday decorations and banners.
- Cosmetic capital improvements, including street furniture, information kiosks, pedestrian lighting and other amenities.
- Wayfinding and directional signage to help visitors navigate through downtown.
- Temporary and permanent public art installations.
- Installation of bicycle racks and other amenities to encourage bicycle use.
- Promote the installation and use of bike-share, car-share and other innovative mobility options.
- Programming of public spaces, such as BART Plaza.
- Planning and design processes to improve public spaces throughout the Downtown.
- Other improvements as determined year-to-year by the DBA board of directors.

Environmental enhancements account for 70.4% of the annual PBID budget.

ECONOMIC ENHANCEMENTS

A comprehensive economic vitality program has been included as a key component of the Downtown PBID. The prior management plan was designed during a period of economic recession, hence activities initially aimed to proactively work on filling office and retail vacancies with targeted businesses, compete with other East Bay commercial districts, and bring more visitors and shoppers to Downtown Berkeley.

Given a more favorable economic climate, and acknowledging demographic and lifestyle trends that are supportive of continued investment in downtowns, the areas of for economic enhancements have expanded as outlined in the Strategic Plan to include:

- **Business Support and Innovation:** Downtown is first and foremost a center for commerce providing both primary jobs and retail. For retail, downtown will aim to strengthen its existing offerings and position for local unique dining and shopping. The PBID will fund efforts aimed at attracting new tenants and investment and promote continued mixed use development that includes retail, office, housing and cultural uses. Downtown has an opportunity to expand its profile as a regional center for technology and innovation through partnerships between the business community and the University of California.
- **Arts, Culture, Entertainment:** Advance Downtown Berkeley's evolution as a regional destination for arts, culture and entertainment. Downtown has a rich and varied collection of arts and cultural venues. The Berkeley Repertory Theater is one of the most acclaimed community theaters in the nation. A new world class art museum is being opened by the University of California. Other venues, featuring both live and visual arts, restaurants and other entertainment options, and sprinkled throughout the Downtown. Arts, culture and entertainment creates a differential

advantage for Downtown and adds to the quality of life for Berkeley residents. The PBID will provide leadership and programs to enhance Downtown's image as a unique arts and cultural destination.

- **Parking and Transit Management:** Improve the parking experience to support Downtown commerce and living. Parking is part of the economic "infrastructure" that is essential to continued vitality of Downtown. It is also the first and last impression of the Downtown experience for many. Downtown Berkeley features one of the busiest BART stations slated for a major redo, and is also major hub for AC Transit. While the DBA supports a growing variety of transit and mobility options (train, bus, bike, bike-share, pedestrian), there are still many employers, businesses and institutions that require parking. Businesses and institutions that attract visitors from beyond the region's transit network are particularly reliant on safe, clean and easy to use parking. The PBID will support efforts to improve parking management in the Downtown, including additional parking supply to support the growth of all business, arts and cultural sectors, and information systems that improve the customer experience.
- **Marketing and Communications:** Marketing and communications efforts will be strengthened to support all components of the PBID Management Plan. Marcom related to environment services will create awareness of cleaning, hospitality, beautification and placemaking changes being made to improve the Downtown, and promote the vision designed by the Downtown community and inspire stakeholder engagement. Marcom related to the economy portion of the work program will: advance the image and branding of the Downtown; highlight the unique startup innovation and arts, culture and entertainment character of the Downtown; attract new and returning visitors to Downtown to live, work, eat, drink, play, engage, and be inspired; support new investment opportunities for retail, office and housing; and promote easy and affordable access via transit and parking to the Downtown.
- **Leadership:** The PBID will support research and community education efforts that help to evaluate the impacts of policies and issues on the Downtown business and investment climate. The PBID will support efforts to advance policies that improve Downtown's overall quality of life and economic and cultural vitality.

Economic enhancements account for 16.5% of the annual PBID budget.

MANAGEMENT, ADMINISTRATION & RESERVE

Like any business, the PBID requires a professional staff to properly manage programs, communicate with stakeholders and provide leadership. To reduce administrative costs, increase leveraging of funds and avoid duplication of enhanced services, this plan anticipates that the day-to-day services financed by the PBID will continue to be managed by the Downtown Berkeley Association. PBID funds can be further leveraged by sponsorships from special events, contracts, grants, parking meter revenues and earned income.

Administrative costs include:

- Accounting and annual financial review and/or audit
- Insurance
- Program support costs including supplies, equipment and rent

- County PBID assessment collection fee, estimated at 1.4% of total assessments
- Other administration costs associated with the overhead and administrative support of programs.

A reserve is also budgeted to provide a contingency for unforeseen program needs and to provide a cushion for assessment delinquencies. Reserve funds can also be utilized to pay for costs associated with PBID renewal.

13.0% of the PBID budget is allocated to support management, administration and reserve.

C. Plan Budgets

The total improvement and activity plan budget for the first year of the district is projected at \$1,534,343 with the following components:

<u>Budget Assumptions</u>	<u>PBID Budget</u>	<u>Less: General Benefit</u>	<u>Assessment TOTAL</u>
Environmental Enhancements			
Cleaning & Hospitality Program	930,437	14,106	916,331
Beautification & Placemaking	150,475	0	150,475
Administration: Environment	162,137	2,116	160,021
Total Environment	1,243,049	16,221	1,226,827
Economic Enhancements			
Marketing, Business Support, Etc.	253,300	0	253,300
Administration: Economy	37,995	0	37,995
Total Economy	291,295	0	291,295
TOTAL	1,534,343	16,221	1,518,122

Non-assessment funding will need to be raised to cover the cost associated with general benefits from services.

Ten Year Operating Budget

A projected 10-year operating budget for the Downtown Berkeley PBID is provided on the following page. Projections for the budget are based upon the following assumptions:

- Total program revenue increases no more than 5% per year, the maximum allowed under the proposed annual budget adjustment to respond to increases in the consumer price index and other program costs. Actual budgets may not increase 5% as determined by the DBA, which is the Owner's Association for the Downtown Berkeley PBID.
- Revenues for specific activities within the general activity categories (i.e. Environmental Enhancements and Economic Enhancements) may be reallocated among specific activities from year to year based upon district needs and budgets developed by the DBA board of directors. Revenues may not be moved between the Environmental and Economic Enhancement categories.

Downtown Berkeley PBID:

Ten Year Operating Budget & Maximum Assessments

(Prepared by Progressive Urban Management Associates, February 19, 2016)

Assumption:

Assessment rates increase by a maximum of 5% each year.

Actual adjustments may be lower as determined by the Downtown Berkeley Association board of directors.

ESTIMATED TEN YEAR OPERATING BUDGET

Activity	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Environmental Enhancements	1,080,912	1,134,958	1,191,705	1,251,291	1,313,855	1,379,548	1,448,525	1,520,952	1,596,999	1,676,849
Economic Enhancements	253,300	265,965	279,263	293,226	307,888	323,282	339,446	356,419	374,239	392,951
Management & Administration	200,132	210,139	220,646	231,678	243,262	255,425	268,196	281,606	295,686	310,470
TOTAL	1,534,344	1,611,061	1,691,614	1,776,195	1,865,005	1,958,255	2,056,168	2,158,976	2,266,925	2,380,271

MAXIMUM ANNUAL ASSESSMENT RATES: Per Square Foot of Lot + Building

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Premium: Commercial	0.2232	0.2344	0.2461	0.2584	0.2713	0.2849	0.2991	0.3141	0.3298	0.3463
Standard: Commercial	0.1398	0.1468	0.1541	0.1618	0.1699	0.1784	0.1873	0.1967	0.2065	0.2169
Premium: Residential	0.1668	0.1751	0.1839	0.1931	0.2027	0.2129	0.2235	0.2347	0.2464	0.2588
Standard: Residential	0.0834	0.0876	0.0919	0.0965	0.1014	0.1064	0.1118	0.1174	0.1232	0.1294
Premium: Tax-Exempt/Government	0.1251	0.1314	0.1379	0.1448	0.1521	0.1597	0.1676	0.1760	0.1848	0.1941
Standard: Tax-Exempt/Government	0.0626	0.0657	0.0690	0.0725	0.0761	0.0799	0.0839	0.0881	0.0925	0.0971

V. ASSESSMENTS

A. Assessment Methodology

To develop the PBID assessment methodology, the consulting team includes Kristin Lowell Inc., a certified engineer. ***Additional information and justification for the assessment methods and adjustments are provided in the Engineer's Report, prepared by Kristin Lowell Inc. and provided as an Exhibit to the Management Plan.***

Service benefits are distributed to lot and building square footage through a "cost allocation" approach — the costs of specific services are allocated to the assessment variables that benefit most from services. Lot and building square footage are the key variables for the assessment methodology:

- **Lot Square Footage:** Lot square footage is utilized to assess the benefit of services to the ground level of properties.
- **Building Square Footage:** Building square footage is utilized to assess the benefit from services to buildings, including tenants, residents and employees.

Service benefits are greater to ground floor uses since services will make sidewalks and the public realm cleaner, safer and more attractive. Acknowledging these greater benefits, the sum of lot plus building will effectively place more emphasis on the ground level of buildings.

Property Use Considerations: The methodology provides the following treatments for property used exclusively for residential, nonprofit and government, and parking structures:

- **Treatment of Residential Property:** Residential uses will fully benefit from environmental enhancement services and will pay a full share of these services; however, economic enhancement services will not benefit residential uses and the residential rate is adjusted accordingly. The residential portion of commercial and mixed-use parcels with residential uses will be subject to the adjusted residential assessment rate.
- **Assessment Policy on Nonprofit & Governmental Properties:** Properties that are exempt from property tax, including educational and governmental institutions, and nonprofit organizations (e.g. faith-based, low income housing, cultural, community services, etc.), will not benefit from increased commercial activity resulting from PBID services and thereby will receive reduced benefits from PBID services. An owner of real property located within the PBID boundaries may reduce their assessment if ALL of the following conditions are met:
 1. The property owner is a nonprofit corporation that has obtained federal tax exemption under Internal Revenue Code section 501c3 or California franchise tax-exemption under the Revenue and Taxation Code Section 23701d.
 2. The class or category of real property has been granted an exemption, in whole or in part, from real property taxation.

3. The nonprofit or governmental property owner occupies a majority of building square footage within the subject property.
4. The property owner makes the request in writing to the City of Berkeley prior to the submission of the PBID assessment rolls to the Alameda County Assessor (to accommodate periodic changes in ownership or use, on or before July 1 of each year), accompanied by documentation of the tax-exempt status of the property owner and the class or category of real property.
5. The City of Berkeley may verify the documentation of tax-exempt status and classification of the property for assessment purposes prior to submitting the assessments to the County Assessor.

If ALL of these conditions are met, the amount of the PBID assessment to be levied will be for three-quarters (75%) of the environmental enhancement services.

- **Treatment of Parking Structures:** Parking structures receive different levels of benefit from PBID improvements and services based upon their use and ownership. Parking structures will be subject to one of the following methodologies:
 - a. Parking structure square footage that is integrated within and/or dedicated to a building, has the same ownership as the building, and the building has uses in addition to parking where parking is just an ancillary use, does not receive benefit from the PBID services and therefore square footage of the parking structure will not be assessed.
 - b. Stand-alone parking structures that are not ancillary to a building, will receive the full benefit from PBID improvements and activities and will be assessed at standard assessment rates.

B. Calculation of Assessments

The preceding methodology is applied to a database that has been constructed by the Downtown Berkeley Association and the City of Berkeley. Property data is first obtained from the Alameda County Assessor's Office through the City of Berkeley. A list of properties included in the PBID is provided within the *Appendix*.

Benefit Zone Adjustments: The assessments are adjusted to reflect anticipated service frequencies within each of two benefit zones:

- The **Premium Service Area**, which includes the core of the PBID, provides a higher frequency of environmental enhancements.
- The **Standard Service Area**, which includes areas on the periphery to the north, west and south, including the South Shattuck Benefit Zone, offers a lower frequency of environmental enhancements.
- Commercial properties in both service areas will equally benefit from economic enhancements.

The resulting assessment calculation by service and benefit zone follows:

Assessment by Service	Per Sq.Ft. of Lot + Building per Year
Environmental Enhancements: Premium	\$ 0.1668
Environmental Enhancements: Standard	\$ 0.0834
Economic Enhancements	\$ 0.0564

Total Estimated Assessments: Based upon the methodology, property data and the proposed PBID budget, approximate lot and building assessments are calculated. Assessments will not exceed the following amounts during the first year of the renewed PBID:

Benefit Zone/Property Type	Per sq.ft. of Lot + Building per Year
Premium: Commercial	\$ 0.2232
Standard: Commercial	\$ 0.1398
Premium: Residential	\$ 0.1668
Standard: Residential	\$ 0.0834
Premium: Nonprofit/Government	\$ 0.1251
Standard: Nonprofit/Government	\$ 0.0626

C. Assessment Adjustments

Annual Adjustment: Assessment rates may be adjusted for annual changes in the Bay Area Consumer Price Index (CPI) for all urban consumers and/or other changes in programs costs, not to exceed 5%. Actual annual adjustments may range from 0% to 5%. Assessment rates will not exceed the levels shown in the Ten Year Operating Budget and Maximum Assessment exhibit.

Budget Process: A balanced budget approach is utilized to develop each annual budget within the constraints of the assessment rates. Any annual budget surplus or deficit is tracked by program. Prior year surpluses may be used as deemed necessary by the DBA board of directors based on the allocations described in the Management District Plan.

General Benefit Adjustment: The Downtown Berkeley PBID’s Engineer’s Report has found that the PBID may provide general benefit (i.e. benefits to the general public or surrounding properties) that is intangible and unquantifiable. To account for any general benefit an adjustment has been established. Accordingly, \$16,170 must be funded by non-assessment revenue in the first year of the PBID, and a proportional amount in subsequent years. A detailed analysis is provided in Engineer’s Report, attached as Exhibit A.

Time and Manner for Collecting Assessments: As provided by state law, the Downtown Berkeley PBID assessment appears as a separate line item on annual property tax bills prepared by Alameda County. Property tax bills are distributed in the fall and payment is expected by lump sum or installment. Existing laws for enforcement and appeal of property taxes apply to PBID assessments.

Disestablishment: State law provides for the disestablishment of a PBID pursuant to an annual review process. Each year that the PBID is in existence, there will be a 30-day period during which the property owners will have the opportunity to request disestablishment of the District. This 30-day period begins each year on the anniversary day that the district was first established by City Council. Within that 30-

day period, if a written petition is submitted by the owners of real property who pay more than 50 percent (50%) of the assessments levied, the PBID may be disestablished. The City Council will hold a public hearing on disestablishing the PBID prior to actually doing so.

Issuance of Bonds: No bonds or other bonded debt is to be issued to finance activities and improvements envisioned in the Management District Plan. If the DBA decides to issue bonds or other bonded debt in the future that increases the term and/or assessment rates set in this Plan, revisions to the Management Plan will require new petition and mail ballot procedures.

VI. GOVERNANCE

The Downtown Berkeley Association (DBA), a 501(c)6 California nonprofit corporation, will continue to be the Owner's Association and governing board for the renewed PBID. The role of the Owner's Association is consistent with similar PBIDs and downtown management organizations throughout California and the nation. The Owner's Association determines budgets, assessment adjustments and monitor service delivery. As part of the Management Plan, the DBA, working as the Owner's Association, oversees the delivery of day-to-day PBID services in order to:

- Reduce overall administrative costs of the PBID;
- Leverage PBID funds with other resources, programs and capabilities provided by the Downtown Berkeley Association;
- Eliminate the potential for duplication of enhanced services and activities;
- Ensure that Downtown is represented by a unified voice.

Pursuant to the State of California PBID legislation, the DBA, when conducting PBID business, is subject to disclosure and notification guidelines set by the Ralph M. Brown Act and California Public Records Act.

The DBA has configured its board of directors to represent all benefit zones within the PBID. The goal and spirit of the board's composition is to have a majority of Downtown property owners, but also include representatives from downtown businesses, nonprofit organizations, residents, educational institutions and governments that pay PBID assessments.

Board members are selected through a nominating process that invites all stakeholders to participate. A nominating committee develops an annual slate of board nominations, and nominations are voted on at an annual meeting of PBID ratepayers.