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by City Manager's Office
Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Katy Allen

SUBJECT: COMMUNITY BENEFIT AND
IMPROVEMENT DISTRICT
FORMATION PROCESS

DATE: 04-04-08

Approved

Date 4/4/08

INFORMATION

In response to Council's request for additional information on the formation of Community Benefit and Improvement Districts (CBID), this memo provides an overview of the formation requirements and an outline of process procedures (Attachment A).

BACKGROUND

On February 12, 2008, Council directed the City Attorney's Office to draft an ordinance, based on the state's Property and Business Improvement District (PBID) Law of 1994 that would provide more flexibility in forming and operating property based improvement districts through the use of a CBID process. On March 11, 2008, Council approved an ordinance amending Title 14 of the San José Municipal Code by adding Chapter 14.31 which sets forth procedures for the formation of Community Benefit and Improvement Districts.

ANALYSIS OF FORMATION REQUIREMENTS

Council's action on March 11, 2008 related to San José's Community Benefit and Improvement District Ordinance changed the threshold for initiation of a feasibility study and public outreach on the creation of a PBID from 50% to 30%. This change in the threshold provides more flexibility to property and business owners who want to pursue alternatives for financing improvements and services. To ensure that a single large property owner cannot control the petition process, if the amount of the assessment attributable to the same property and businesses owner is in excess of 40% of the entire assessment, the owner's petition will not be counted. This provision is consistent with State PBID law and a similar ordinance passed in San Francisco.

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A question was raised regarding standards for mailing information within a proposed district. The City's standard is to use first class postage with a return address and prominently label the face of the envelope that an official ballot is enclosed. The envelope contents consist of a district boundary map, the assessment amount, an official ballot, and a prepaid preaddressed return envelope. This practice is consistent with state law requirements related to public notification.

COORDINATION/ PUBLIC OUTREACH/INTEREST

Attachment A of this memorandum outlines the steps for CBID formation, including the responsible party to perform those steps and all associated public outreach.

For questions, please contact Timm Borden, Deputy Director, at (408) 535-8499.

Katy Allen

KATY ALLEN

Director, Public Works Department

TB/KF/aa



City of San José

COMMUNITY BENEFIT AND IMPROVEMENT DISTRICT (CBID) INFORMATION SHEET

PURPOSE

Information provided below is to clarify the process and procedures for formation of a Community Benefit and Improvement District.

AUTHORITY

City of San José Municipal Code, Title 14, Chapter 14.31

FORMATION PROCEDURE

RESPONSIBILITY

ACTION

Community	A-1	Community members wishing to establish a CBID prepare a petition, conduct community outreach, and circulate petition for signature.
	A-2	Community representative(s) submit signed petition to the City with a cash deposit to cover staff and consultant costs for evaluation of proposed district
City Staff	A-3	Staff initiates a feasibility study to evaluate district proposal. Currently, the evaluation process necessitates the hiring of specialized consultant services.
	A-4	Petition is reviewed to ensure property owner requirements are satisfied
City initiated Public Outreach	A-5	A community-based steering committee is formed to facilitate community outreach in the proposed district. Outreach activities may include but are not limited to: <ul style="list-style-type: none">• Surveys of property owners by mail• Focus groups,• Soliciting input from existing community organizations, businesses, and/or through individual contacting affected community members
City staff	A-6	Prepares draft documents detailing district boundary map, assessment zones, and rate and method of apportionment.

Community Benefit and Improvement District



RESPONSIBILITY	ACTION
	A-7 Prepares formation documents in accordance with California Code
Public Works Director	A-8 PW Director, acting as the City Engineer, reviews study / makes determination that the benefit analysis and evaluation of proposed district is in compliance with regulatory requirements
City initiated Public Outreach	<p>A-9 City mails notices to all affected property owners. Content of notification includes:</p> <ul style="list-style-type: none"> • Documents detailing district boundary map, assessment zones, and rate and method of apportionment. • Notification of all upcoming Council actions – including date, time and intent of action • Official ballot
City Council	A-10 Approves Resolution of Intention thereby noticing the public of the City's intent to establish a Community Benefit and Improvement District. Council may propose changes to the CBID proposal in the Resolution of Intention.
City initiated Public Outreach	A-11 City conducts additional community outreach by holding a public meeting in the proposed district. Whenever possible, city provides information to homeowner associations and community organizations for inclusion in newsletters or community publications.
City Council	A-12 Public Hearing on Community Benefit and Improvement District Proposal
	<p>A-13 Election</p> <ul style="list-style-type: none"> • Election can be held immediately following the Public Hearing or may be conducted at a third council meeting
City Staff	A-14 If Election results support formation of the district, assessments are submitted to county for collection
	A-15 Prepare and record the Notice of Special Assessment with the County Recorder