

2026-2035



16TH STREET (MIDTOWN ZONE C) PROPERTY BUSINESS IMPROVEMENT DISTRICT MANAGEMENT DISTRICT PLAN AND ENGINEER'S REPORT

*Prepared pursuant to the Property and Business Improvement District Law of
1994, Streets and Highways Code section 36600 et seq.*

May 9, 2025

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I. OVERVIEW

Developed by a growing coalition of property owners, the 16th Street (Midtown Zone C) Property and Business Improvement District (16PBID) is a benefit assessment district whose main goal is to provide improvements, maintenance, and activities which constitute and convey a special benefit to assessed parcels. This approach has been used successfully in other cities throughout the country to provide special benefits to property owners, namely increased sales, attraction of new tenants and residents, increased occupancies. The 16PBID was initially created in (2021) for a five (5) year term. Property owners now wish to renew the 16PBID for an additional ten (10) year term. As required by state law, property owners have created this Management District Plan (Plan) to renew the 16PBID.

Location: The 16PBID's parcel assessments will be imposed solely on property-based parcels and in accordance with the provisions of Article XIII D of the California Constitution (Proposition 218). The 16PBID generally includes all parcels bound by C Street, 16th Street, H Street, and 15th Street. Also, the block bound by 15th Street, C Street, 16th Street, and the railway tracks in the north (one block north of C Street), as well as all blocks bound by G Street, 15th Street, I Street, and 14th Street.

There are also parcels in the 16PBID bound by H Street, 13th Street, I Street, and 14th Street, as well as bound by Chinatown Walk, 13th Street, C Street, and 15th Street. Parcels bound by C Street, 16th Street, H Street, and 17th Street are included except for D Street / D Street E Street Alley facing parcels east of APN 00201330180000. Finally, APNs, 00201650280000 and 00600610020000 are included. The boundaries of the 16PBID are shown on the map in Section IV.

Purpose: The purpose of the 16PBID is to provide improvements, maintenance, and activities which constitute and convey a special benefit to assessed parcels. The 16PBID will provide maintenance and safety, placemaking, capital improvements, and mobility, advocacy, communications, and administration directly and only to assessed parcels within its boundaries.

Budget: The 16PBID annual assessment budget for the initial year of its ten (10) year operation is anticipated to be \$334,715.02. The annual assessment budget may be subject to an increase in assessment rates of no more than six percent (6%) per year, upon approval by the Midtown Sacramento PBID Corporation, currently doing business as the Midtown Association (MA), Board of Directors. The assessment funds will be supplemented by non-assessment funds (such as grants and event income), so that the total budget for the initial year is estimated at \$362,590.51 ("total budget"). The amount of non-assessment funds is the minimum amount necessary to pay for the general benefit provided by 16PBID programs. Further detail on the separation of special and general benefit is provided in Section IX.

Cost: The assessment rate (cost to the parcel owner) is based on parcel type, parcel square footage, and building square footage. The assessment methodology has been created to ensure that the assessment paid by each parcel is commensurate with the benefit received. The initial annual assessment rate to each parcel is shown in the table below. Assessment rates may be subject to an increase of no more than six percent (6%) per year.

| Initial Parcel Assessment Rate (\$/sqft/yr) | | |
|---|------------------------|--------------------------|
| Parcel Type | Parcel Assessment Rate | Building Assessment Rate |
| Standard | \$0.22 | \$0.05 |
| Publicly-Owned | \$0.17 | \$0.05 |
| Healthcare or Religious Organization Use | \$0.13 | \$0.05 |

Renewal: 16PBID renewal requires submittal of petitions from property owners representing more than 50% of the total assessment. The “Right to Vote on Taxes Act” (also known as Proposition 218) requires a ballot vote in which more than fifty percent (50%) of the ballots received, weighted by assessment, be in support of the 16PBID.

Duration: The 16PBID will have a ten (10) year-life, beginning on January 1, 2026, and ending December 31, 2035. After ten (10) years, the 16PBID may be renewed pursuant to the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq. if property owners support continuing the 16PBID programs by repeating the petition, ballot, and City Council hearing process.

Management: The MA shall continue to serve as the Owners’ Association for the 16PBID. The Owners’ Association is charged with managing funds and implementing programs in accordance with this Plan, and must provide annual reports to the City Council.

II. BACKGROUND

The International Downtown Association estimates that more than 2,500 Property and Business Improvement Districts (PBIDs) currently operate throughout the United States and Canada. PBIDs are a time-tested tool for property owners who wish to come together and obtain collective services which benefit their properties.

PBIDs provide supplemental services in addition to those provided by local government. They may also finance physical and capital improvements. These improvements, maintenance and activities are concentrated within a distinct geographic area and are funded by a special parcel assessment. Services and improvements are only provided to those who pay the assessment.

Although funds are collected by the local government, they are then directed to a private nonprofit. The nonprofit implements services and provides day-to-day oversight. The nonprofit is managed by a Board of Directors representing those who pay the assessment, to help ensure the services meet the needs of property owners and are responsive to changing conditions within the PBID.

PBIDs all over the globe have been proven to work by providing services that improve the overall viability of commercial districts, resulting in higher property values, lease rates, occupancy rates, and sales volumes.

The 16PBID will be renewed pursuant to a state law that took effect in January of 1995. The “Property and Business Improvement District Law of 1994,” which was signed into law by Governor Pete Wilson, ushered in a new generation of Property and Business Improvement Districts in California. Key provisions of the law include:

- Allows a wide variety of services which are tailored to meet the specific needs of assessed properties in each individual PBID;
- Requires property owner input and support throughout the renewal process;
- Requires written support on both a petition and ballot from property owners paying 50% of proposed assessments;
- Allows for a designated, private nonprofit corporation to manage funds and implement programs, with oversight from property owners and the City;
- Requires limits for assessment rates to ensure that they do not exceed the amount owners are willing to pay; and
- Requires the PBID be renewed after a certain time period, making it accountable to property owners.

The “Property and Business Improvement Business District Law of 1994” is provided in Appendix II of this document.

III. ACCOMPLISHMENTS

During its first five-year term, the 16PBID successfully provided many services to 16PBID properties. The 16PBID's services supplemented City services and helped create an identity and vibrancy along the commercial corridor focusing on development, activations, and parks programming. The renewed 16PBID will continue building upon previous successes and improving the efficiency and effectiveness of the property-related services it provides. Below is a snapshot of accomplishments in the first five years.

Category 1: Maintenance and Safety

Maintenance: In the 16PBID's first five years, over 1,900 maintenance jobs have been completed including graffiti removal, pressure washing, bio-hazard removal, and litter removal. The 16PBID has maintained a response time of under 24 hours from being reported to being mitigated. During the first term, maintenance services expanded with a larger fleet operation to respond to growing need for abandonment encampment clean-up and regular illegal dumping. The renewed 16PBID will continue providing maintenance services, keeping the 16PBID a clean, attractive place to do business, live, celebrate, and visit.

Safety: In the 16PBID's first five years, over 700 safety jobs have been completed including proactively patrolling the 16PBID, referring individuals experiencing homelessness to services, and coordinating with the police department for areas and properties impacted by crime. Additionally, a relationship was established with the Department of Community Response for bi-weekly coordination to perform outreach at 16PBID hotspots. Lastly, a supplemental daytime and nighttime security contract was launched with a private security vendor to offer additional safety support for businesses and properties. Light poles have been identified throughout the 16PBID to install enhanced safety lights in partnership with SMUD on 33 sites and currently await SMUD's installation.

Category 2: Placemaking, Capital Improvements, and Mobility

Installations: In the 16PBID's first five years, multiple successful projects have been completed including the installation of directional wayfinding signage, a mural on the basketball court at Muir Park with matching vinyl wraps on the backboards, and vinyl wraps on utility boxes. Additionally, a data tracking application called Placer.ai was launched to measure and aim to increase visitors to the 16PBID. In the next term, the 16PBID will add banners along the corridor that will promote the 16PBID or events in the area.

Activations: In the 16PBID's first five years, the area featured new events including the relaunch of Second Saturday, which brought activations to Muir Park and businesses along the 16th Street corridor from the months of May through October. Additionally, Muir Park saw events including Fresh Air programming in partnership with XoSo Sports and a community event hosted by the Alkali Flat Neighborhood Association. Finally, the 16PBID hosted the annual fundraiser, Midtown Love at the Mansion Apartments connecting stakeholders and community leaders to the 16PBID and raising awareness of this growing area.

Category 3: Advocacy, Communications & Administration

The 16PBID worked to stabilize the commercial corridor and drive more residential unit production along 16th Street. In its first five years, the 16PBID saw almost 600 units come to market ranging from affordable housing supporting LGBTQI+ 65 and older individuals to market rate development. In the first term, the 16PBID was able to advocate to minimize impacts of potential treatment facilities on the corridor to maintain strong neighbor relations in partnership with the neighborhood association and added Muir Park to receive services under the Midtown Parks 501(c)3.

The 16PBID saw communication efforts that uplifted and supported internal and external stakeholders through monthly newsletters, social media, and website promotion. Campaigns including the Made in Midtown, Explore Midtown Pass, and 12 Days of Midtown highlighted 16PBID activities and businesses.

The 16PBID leadership has demonstrated prudent administrative practices with a clean annual audit, an office that acts as a hub for property owners, a focus on attracting and retaining high performing staff, and professional management.

IV. BOUNDARIES

The 16PBID generally includes all parcels bound by C Street, 16th Street, H Street, and 15th Street. Also, the block bound by 15th Street, C Street, 16th Street, and the railway tracks in the north (one block north of C Street), as well as all blocks bound by G Street, 15th Street, I Street, and 14th Street.

There are also parcels in the 16PBID bound by H Street, 13th Street, I Street, and 14th Street, as well as bound by Chinatown Walk, 13th Street, C Street, and 15th Street. Parcels bound by C Street, 16th Street, H Street, and 17th Street are included except for D Street / D Street E Street Alley facing parcels east of APN 00201330180000. Finally, APNs, 00201650280000 and 00600610020000 are included.

The service area includes approximately 109 assessed properties with 90 property owners. The 16PBID boundary is illustrated by the map below and in the map book included herein as Appendix 5. A larger map is available on request by calling Civitas at (916)437-4300 or (800)999-7781.



V. SERVICE PLAN & BUDGET

A. Renewal

Property and business owners in 16PBID have been concerned about the need for coordinated supplemental services in the area for several years. City services and efforts in the area have been welcomed, but limited resources have not allowed for a more comprehensive approach to managing the commercial area. The 16PBID was initially formed to address these needs. Property owners in the boundaries of the 16PBID now wish to renew the 16PBID to continue this mission.

A service plan to provide special benefits to assessed properties was developed using several methods. A series of property owner meetings, a survey of property owners and an analysis of current property conditions and needs were all conducted. The primary needs identified were: maintenance and safety, placemaking, capital improvements, and mobility, advocacy, communications, and administration. To meet those needs, the 16PBID will provide maintenance and safety, placemaking, capital improvements, mobility, advocacy, communications, administration, and contingency reserve to assessed parcels within its boundaries.

B. Improvements, Maintenance and Activities

The renewed 16PBID will provide particular and distinct improvements, maintenance and activities that constitute and create a special benefit to assessed parcels. The renewed 16PBID will provide supplemental improvements, maintenance and activities that enhance and complement the services generally provided by the City and other government agencies. None of the services to be provided by the 16PBID are provided by the City or other government agencies. The improvements, maintenance and activities will be provided directly and only to assessed parcels; they will not be provided to parcels that are not assessed. Each and every service is unique to the 16PBID, thus the benefits provided are particular and distinct to each assessed parcel.

Category 1: Maintenance and Safety (Clean and Safe)

Graffiti/Litter/Streetscape Maintenance: 16PBID maintenance services will maintain increased frequency of graffiti and sticker removal, sidewalk pressure washing, gutter and storm drain cleaning, and litter removal. Maintenance personnel will collect debris from sidewalks throughout the 16PBID on a regular basis and continue to work with property owners to reduce illegal dumping in alleys and thoroughfares. Maintenance shall also include cleaning the sidewalk and bulb-outs on 16th Street

Safety: The safety program will provide services during the day and at night. The 16PBID will pay for camera monitoring services for any property owner who opts their own equipment into all required monitoring systems which might include a combination of police and private monitoring services. Additionally, the homeless outreach program will be a significant part of the 16PBID's safety program. During the day the 16PBID will improve safety by: providing daytime proactive and visible security patrols/homeless outreach; working with the City and County of Sacramento (County) to prevent crime within the 16PBID by addressing the issues within the 16PBID causing it, including homelessness, substance abuse, and access to dumpsters; patrolling the 16PBID; and providing security at events and providing a deterrent presence to public nuisances. During the evening, the 16PBID will improve safety by: providing patrols to secure commercial and entertainment corridors for residents and theatre visitors; improving safety for employees, customers, and other visitors with

additional lighting and proactive programming; and serving as a liaison to the Sacramento Police Department.

Category 2: Placemaking, Capital Improvements, and Mobility

During this term, the 16PBID will use a multi-faceted approach to planning, design, and management of public spaces to earn the designation of an arts destination within greater Midtown as a clean, safe, welcoming and beautiful community. 16PBID dollars will be leveraged to create a unique sense of place and increase the usability and walkability of parks and public spaces. Examples include installing art banners on 16th street, adding bike racks, hosting engaging programming at and around multifamily properties (4 units or greater) and parks on Second Saturdays during warmer weather months, hosting a holiday market with an aim to locate near the governors mansion, efforts to attract additional event promoters in the 16PBID, enhanced street and alley amenities and programming, and upgraded parking signage, and work towards implementation of curbside management strategies and technologies.

Category 3: Advocacy, Communications, and Administration

Advocacy and Communications: The 16PBID will advocate on behalf of 16th Street, and act as the voice of the stakeholders in the 16PBID. Regular 16PBID communications that support the advocacy agenda and attract visitors will be provided via email newsletters, social media, a proactive Public Relations strategy, and a 16PBID presence integrated into the ExploreMidtown website. As 16th Street evolves, communication strategies will evolve as well to preserve and grow 16th Street's role as an arts destination in the region. The 16PBID leadership will continue to be the go-to business organization providing a strong leadership role to create a forward-thinking, innovative, and business friendly environment. Specifically, the 16PBID will measure the desirability of living on this corridor for current and potential residents, then implement the 16PBID's improvements, maintenance and activities within the 16PBID's boundaries, and re-measure for desirability. This will include an ongoing "Live Midtown" campaign that uses Explore Midtown channels to share the Midtown lifestyle and associate with this area multifamily (4 units or greater) properties with available units.

Administration: Administration will include a fairly allocated share of standard office expenses such as rent, insurance, legal and accounting fees, and telephone charges. The administration budget will also include City and County administrative fees for levying, collecting, and forwarding the assessment and accounting. City and County administrative costs will be actual costs, subject to the requirements of state law and compliant with generally accepted methods for costing under Federal regulations (OMB Circulars). In addition, all City administrative costs will be accounted for in detail and available on demand. City and County administrative costs average \$6,000 annually. City and County administrative costs will be capped at \$10,000 for any current year's cost but will be subject to adjustment in the subsequent year for any excess costs.

Category 4: Contingency Reserve

The budget includes a prudent fiscal reserve. Changes in data and other issues may change the revenue and expenses. In order to buffer the organization for unexpected changes in revenue, to prepare for the cost of renewal, and/or allow the 16PBID to fund other overhead costs, the reserve is included as a budget item.

C. Annual Assessment Budget

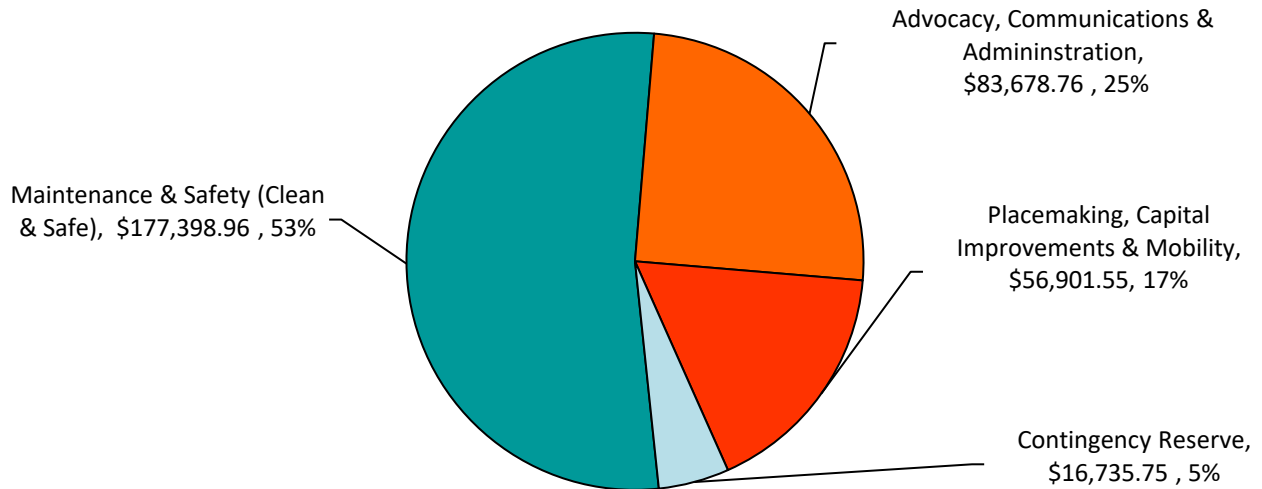
A projected ten (10) year budget for the 16PBID is provided below. The overall assessment budget shall remain consistent with this Plan. In the event of a legal challenge, assessment funds may be used to defend the 16PBID. The annual assessment budget is based on the following assumptions and guidelines:

1. The cost of providing improvements, maintenance and activities may vary depending upon the market cost for those improvements, maintenance and activities. Expenditures may require adjustment up or down to continue the intended level of improvements, maintenance and activities. The City and the MA shall have the authority to adjust budget allocations between the categories by no more than twenty percent (20%) of the total budget per year. Any change will be approved by the MA and submitted with the Annual Report.
2. Funds not spent in any given year may be rolled over to the next year.
3. The assessment rate may be subject to annual increases that will not exceed six percent (6%) per year. Increases will be determined by the MA and may vary each year. The projections below illustrate the maximum annual six percent (6%) increase for all budget items.
4. Each budget category includes all costs related to providing that improvement, maintenance, or activity. For example, the maintenance and safety includes the cost of staff time dedicated to overseeing and implementing the maintenance and safety program. Staff time dedicated purely to administrative tasks is allocated to the advocacy, communications, and administration portion of the budget. The costs of an individual staff members may be allocated to multiple budget categories. The staff levels necessary to provide the 16PBID services will be determined by the MA on an as-needed basis.

D. Assessment Budget

The total improvement, maintenance and activity budget for 2026 that is funded by property assessments is \$334,715.02. In addition to the assessment revenue, the programs will be supplemented by non-assessment funds. The total of non-assessment funds, and the determination of special and general benefit, is included in the Engineer's Report. The total of assessment and non-assessment funds is provided in Appendix IV. Below is an illustration of the estimated total assessment budget allocations for each budget category for the initial year of the ten (10) year term of the 16PBID. Non-assessment funds may be shifted between budget categories as needed by the Board of the MA.

Initial Annual Assessment Budget - \$334,715.02



E. Annual Maximum Assessment Budget

The assessment budget below assumes the maximum annual increase of six percent (6%) is enacted and that there are no changes to parcel data. While the 16PBID operates on a calendar-year basis (January 1 – December 30), assessments are collected in accordance with the fiscal year (July 1 – June 30)

| Calendar Year/Fiscal Year (FY) | Maintenance and Safety (Clean and Safe) | Placemaking, Capital Improvements, and Mobility | Advocacy, Communications, and Administration | Contingency Reserve | Total |
|--------------------------------|---|---|--|---------------------|-----------------------|
| 2026/FY25-26 | \$177,398.96 | \$83,678.76 | \$56,901.55 | \$16,735.75 | \$334,715.02 |
| 2027/FY26-27 | \$188,042.90 | \$88,699.48 | \$60,315.65 | \$17,739.90 | \$354,797.93 |
| 2028/FY27-28 | \$199,325.47 | \$94,021.45 | \$63,934.59 | \$18,804.29 | \$376,085.80 |
| 2029/FY28-29 | \$211,285.00 | \$99,662.74 | \$67,770.66 | \$19,932.55 | \$398,650.95 |
| 2030/FY29-30 | \$223,962.10 | \$105,642.50 | \$71,836.90 | \$21,128.50 | \$422,570.00 |
| 2031/FY30-31 | \$237,399.83 | \$111,981.05 | \$76,147.11 | \$22,396.21 | \$447,924.20 |
| 2032/FY31-32 | \$251,643.82 | \$118,699.91 | \$80,715.94 | \$23,739.98 | \$474,799.65 |
| 2033/FY32-33 | \$266,742.45 | \$125,821.91 | \$85,558.90 | \$25,164.38 | \$503,287.64 |
| 2034/FY33-34 | \$282,746.99 | \$133,371.22 | \$90,692.43 | \$26,674.24 | \$533,484.88 |
| 2035/FY34-35 | \$299,711.81 | \$141,373.50 | \$96,133.98 | \$28,274.70 | \$565,493.99 |
| Total | \$2,338,259.33 | \$1,102,952.52 | \$750,007.71 | \$220,590.50 | \$4,411,810.06 |

VI. ASSESSMENT RATE

A. Assessment Formula

The assessment rate (cost to the parcel) is based on parcel type, parcel square footage, and building square footage. The assessment methodology has been created to ensure that the assessment paid by each parcel is commensurate with the benefit received.

Individual assessed parcels shall be assessed an assessment rate according to each assessed parcel's proportionate special benefit derived from the services provided to each assessed parcel, as shown in the table below.

| Initial Parcel Assessment Rate (\$/sqft/yr) | | |
|--|-------------------------------|---------------------------------|
| Parcel Type | Parcel Assessment Rate | Building Assessment Rate |
| Standard | \$0.22 | \$0.05 |
| Publicly-Owned | \$0.17 | \$0.05 |
| Healthcare or Religious Organization Use | \$0.13 | \$0.05 |

B. Changes in Zoning, Type, Building Square Footage, or Parcel Size

If the zoning, type, building square footage, or size of a parcel within the 16PBID boundary changes during the term of the 16PBID, the assessment amount may be modified according to the assessment methodology detailed in this Plan that is applicable to the parcel. These changes may be a result of land adjustments including but not limited to lot splits, consolidations, right-of-way setbacks, new construction, or changes in zoning.

C. Assessment Ballot and Public Notice

During the hearing process, an Assessment Ballot and a Public Notice will be sent to owners of each parcel in the 16PBID. The Assessment Ballot provides an estimated assessment. The final individual assessment for any particular parcel may change, up or down, if the parcel type, parcel square footage or building square footage differ from those found on the Assessment Notice. A list of parcels to be included in the 16PBID is provided within Appendix III.

D. Time and Manner for Collecting Assessments

As provided by State Law, the 16PBID assessment will appear as a separate line item on annual property tax bills prepared by the County. Parcels which do not receive property tax bills will be invoiced by the City. Property tax bills are generally distributed in the fall, and payment is expected by lump sum or installment. The County shall distribute funds collected to the City, which shall forward them to the MA. Existing laws for enforcement and appeal of property taxes, including overdue charges and interest, apply to the 16PBID assessments.

E. Bonds

Bonds shall not be issued.

VII. GOVERNANCE

A. Owners' Association

The City Council, through adoption of this Management District Plan, has the right, pursuant to Streets and Highways Code §36651, to identify the body that shall implement the proposed program, which shall be the Owners' Association of the 16PBID as defined in Streets and Highways Code §36612. The City Council has determined that MA shall continue to serve as the Owners' Association for the 16PBID, with oversight from the City. The Board of Directors of MA and its staff are charged with the day-to-day operations of the 16PBID.

The Board of Directors of the MA may include representatives of 16PBID assessed property owners. The Board of Directors shall act in the best interests of all assessed properties within the 16PBID.

B. Brown Act & Public Records Act Compliance

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. The Owners' Association is, however, subject to government regulations relating to transparency, namely the Ralph M. Brown Act and the California Public Records Act. These regulations are designed to promote public accountability. The Owners' Association must act as a legislative body under the Ralph M. Brown Act (Government Code §54950 et seq.). Thus, meetings of the MA Board of Directors and certain committees must be held in compliance with the public notice and other requirements of the Brown Act. The Owners' Association is also subject to the record keeping and disclosure requirements of the California Public Records Act.

C. Annual Report

The MA shall present an annual report at the end of each year of operation to the City Council pursuant to Streets and Highways Code §36650 (see Appendix II). The annual report is a prospective report for the upcoming year and must include:

1. Any proposed changes in the boundaries of the district or in any benefit zones or classification of property within the district;
2. The improvements, maintenance, and activities to be provided for that fiscal year;
3. The estimated cost of providing the improvements, maintenance, and activities to be provided for that fiscal year;
4. The method and basis of levying the assessment in sufficient detail to allow each real property owner to estimate the amount of the assessment to be levied against his or her property for that fiscal year;
5. The estimated amount of any surplus or deficit revenues to be carried over from a previous fiscal year; and
6. The estimated amount of any contributions to be made from sources other than assessments levied pursuant to this Plan.

VIII. ENGINEER'S REPORT

The 16PBID's parcel assessments will be imposed solely on property-based parcels and in accordance with the provisions of Article XIII D of the California Constitution (Proposition 218). The 16PBID's parcel assessments are not business-based assessments and therefore are not subject to the requirements of Proposition 26. Proposition 218 provides that "only special benefits are assessable,"¹ and requires the City to "separate the general benefits from the special benefits conferred on a parcel."² Special benefits are a "particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large."³ Conversely, a general benefit is "conferred on real property located in the district or to the public at large."⁴ Assessment law also mandates that "no assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."⁵

The Engineer determined the total cost of the improvements, maintenance and activities of the 16PBID, quantified by the general benefit accruing to the public-at-large, assessed parcels, non-assessed parcels within the 16PBID, and non-assessed parcels outside but adjacent to the 16PBID boundaries, and separated that amount from the special benefit accruing to the assessed parcels. Then, the Engineer determined the proportionate special benefit derived by each assessed parcel within the 16PBID and allocated the special benefit value of the improvements, maintenance, and activities accordingly. The Engineer's determinations and detailed calculations are summarized in this report.

A. Separation of General and Special Benefits

Each of the improvements, maintenance and activities of the 16PBID, and the associated costs and assessments within the 16PBID, were reviewed, identified, and allocated based on special and general benefits pursuant to Article XIII D of the California Constitution. The assessment has been apportioned based on the proportional special benefits conferred to the assessed parcels located within the 16PBID boundaries as determined below.

1. General Benefits

Proposition 218 provides that, for all assessments imposed, there must be a separation and accounting of general and special benefits. Special benefits are conferred directly and only upon assessed parcels. A general benefit may be conferred on the general public, assessed parcels or non-assessed parcels. Existing City and other public services, which are available to every person and parcel, everywhere within the City, are an example of services that only provide a general benefit. Although the 16PBID's boundaries have been narrowly drawn and programs have been carefully designed to provide special benefits, it is acknowledged that there will be incidental general benefits as a result of the 16PBID's improvements, maintenance, and activities.

The California Constitution mandates that "only special benefits are assessable, and an agency shall separate the general benefits from the special benefits."⁶ "Generally, this separation and quantification of general and special benefits must be accomplished by apportioning the cost of a service or

¹ Cal. Const., art. XIII D, §4(a)

² Cal. Const., art. XIII D, §4(a)

³ Id., §2(i)

⁴ Cal. Const., art. XIII D §2(i)

⁵ Cal. Const., art. XIII D, §4(a)

⁶ Cal. Const., art. XIII D §4(a)

improvement between the two and assessing property owners only for the portion of the cost representing special benefits.”⁷ The first step that must be undertaken to separate general and special benefits provided by the 16PBID’s improvements, maintenance, and activities is to identify and quantify the general benefits. 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 16PBID, general benefit to the public at large, and general benefit to non-assessed parcels within and surrounding the 16PBID.

a. General Benefit to the Public-at-Large and Assessed Parcels

Although the 16PBID’s improvements, maintenance and activities are narrowly designed and carefully implemented to specially benefit only the assessed parcels, they will generate an incidental general benefit to the public-at-large and assessed parcels within the 16PBID. To account for the general benefit received by the public at large and assessed parcels, a percentage of the total 16PBID budget has been calculated to pay for these costs.

i. General Benefit to the Public-at-Large

Intercept surveys conducted in other districts show that approximately 97.64% of pedestrian traffic within the district boundaries is engaged in business at assessed parcels, while the remaining approximately 2.36% is simply passing through and not engaging in business at the assessed parcels⁸. Other, similar districts have found general benefit in the amounts of: 2.30% in the Fashion District Business Improvement District in Los Angeles, 1.89% in the Arts District Los Angeles Business Improvement District, and 2.4% in North Park, San Diego. Out of an abundance of caution, this Engineer used 2.5%. The 2.5% of traffic passing through does not have any connection to the assessed parcels, and therefore improvements, maintenance, and activities of the 16PBID that benefit these individuals do not represent a special benefit to the assessed parcels. The 2.5% will, however, receive a derivative and indirect general benefit as a result of the improvements, maintenance, and activities being provided in the 16PBID. Therefore, it is estimated that 2.5% of the benefit created by the 16PBID’s improvements, maintenance, and activities is general benefit provided to the public-at-large. To ensure that the 16PBID assessment dollars do not fund general benefits to the public-at-large, that portion of the cost of improvements, maintenance, and activities will be paid for with funds not obtained through assessments. Using the 2.5% figure, based on the initial renewal term year improvement, maintenance, and activities budget, the value of this general benefit to the public-at-large is \$9,064.76 ($\$362,590.51 \times 0.025$).

ii. General Benefit to Assessed Parcels

Although 16PBID improvements, maintenance, and activities have been directed at assessed parcels to a degree and level proportionate to their assessment rate, in an abundance of caution, this report accounts for the potential general benefits received by assessed parcels. General benefits to assessed parcels includes incidental benefits to parcels that are paying a lower rate, but incidentally, receive a slightly higher level of benefit because they are abutted by parcels paying a higher rate for an increased level of services. In the opinion of this Engineer, the assessed parcels shall receive 0.30% of general benefit. Upon its formation in 2020, the 16PBID found general benefit to the assessed parcels in the amount of 0.10%. Two other City of Sacramento districts that renewed recently also found general benefit to the assessed parcels in the amount of 0.10% (Stockton Boulevard PBID which renewed in 2019 and Franklin Boulevard PBID which renewed in 2020). Out of an abundance of caution, this

⁷ Golden Hill v. San Diego

⁸ Surveys conducted in: North Park, San Diego (January 2015); Mack Road, Sacramento (July 2014); and Sunrise MarketPlace, Citrus Heights (December 2013)

Engineer used 0.30% as the general benefit to assessed parcels in the 16PBID. The 0.30% of the budget for each service category will be paid for by funds not obtained through assessments to pay for general benefits to assessed parcels. This portion of the budget totals \$1,087.77 (\$362,590.51 * 0.003).

b. General Benefit to Non-Assessed Parcels

General benefit occurs when improvements, maintenance, or activities, while specifically provided to benefit assessed parcels, incidentally provides benefit to nearby non-assessed parcels. For example, if a district funds regular street cleaning and beautification efforts along commercial corridors, the assessed parcels directly benefit through enhanced cleanliness and aesthetics that improve business appeal and property values. However, non-assessed parcels, such as residentially zoned properties located within or outside, but adjacent to the district boundaries, may also experience a cleaner and more attractive environment. While they do not receive the targeted special benefit, the improved surroundings contribute to a more pleasant neighborhood, reduced litter, and a heightened perception of safety, which are general benefits.

In quantifying these general benefits, the Engineer has determined benefit factors to account for the proportion of 16PBID services that extend beyond assessed parcels. For instance, non-assessed parcels inside the 16PBID boundaries receive a general benefit because they are surrounded by assessed properties that are receiving special benefits. Similarly, parcels outside, but adjacent to the 16PBID boundaries, may experience some spillover benefits from the 16PBID improvements, maintenance, and activities. The calculation of general benefit to non-assessed parcels can be found in part e of this section under “calculations.”

Although they are only provided directly to the assessed parcels, the 16PBID’s improvements, maintenance and activities may also confer general benefits upon non-assessed parcels within and surrounding the 16PBID. Non-assessed parcels within the 16PBID include parcels zoned exclusively for residential use with less than 4 units and various irregular road or utility easement parcels which will not receive or benefit from any 16PBID services. According to Streets and Highways Code section 36632(c) of the Property and Business Improvement District Law of 1994, “Properties zoned solely for residential use, or that are zoned for agricultural use, are conclusively presumed not to benefit from the improvements and services funded through these assessments, and shall not be subject to any assessment pursuant to this part.” Although parcels zoned for residential or agricultural use do not receive special benefit, they are still considered to receive general benefits. A California Court of Appeal has stated that “services specifically intended for assessed parcels concomitantly confer collateral general benefits to surrounding properties.”⁹ It is reasonable to conclude that the improvements, maintenance and activities within the 16PBID will have an incidental impact on non-assessed parcels surrounding or within the 16PBID boundaries. A California Court of Appeal has also noted that “the characterization of a benefit may depend on whether the parcel receives a direct advantage from the improvement...or receives an indirect, derivative advantage resulting from the overall public benefits of the improvement.”¹⁰ Those derivative and indirect impacts are considered general benefits and will be quantified and separated. In this Engineer’s opinion, because services are provided only within the 16PBID and on its perimeter, parcels separated from the 16PBID by at least one intervening parcel will not receive spillover benefits.

⁹ Beutz v. Riverside (2010) 184 Cal.App.4th 1516

¹⁰ Tiburon v. Bonander (2009) 180 Cal.App.4th 1057, 1077

After defining the general and special benefits to assessed parcels within the 16PBID, the general benefit to the public-at-large within the 16PBID, and general benefit to non-assessed parcels within and surrounding the 16PBID, the table below determines how the 16PBID budget will be distributed into each category.

The total 16PBID activity budget for improvements, maintenance, and activities for the initial renewal year of its ten (10) year renewed operation is \$362,590.51. After reducing the improvements, maintenance, and activities budget by the general benefit to the public-at-large and assessed parcels (\$10,152.53), the remaining benefit to parcels is \$352,437.97. The general benefit to the public-at-large and the general benefit to assessed parcels has been proportionally allocated to the 16PBID's improvements, maintenance, and activity categories as shown in the following table.

| <u>Category</u> | <u>Total</u> | <u>General Benefit to Public-at-Large</u> | <u>General Benefit to Assessed Parcels</u> | <u>Remaining Benefit to Parcels</u> |
|---|---------------------|--|---|--|
| Maintenance and Safety (Clean and Safe) | \$192,715.56 | \$4,817.89 | \$578.15 | \$187,319.52 |
| Placemaking, Capital Improvements, and Mobility | \$61,814.42 | \$1,545.36 | \$185.44 | \$60,083.62 |
| Advocacy, Communications, and Administration | \$89,931.01 | \$2,248.28 | \$269.79 | \$87,412.94 |
| Contingency Reserve | \$18,129.52 | \$453.23 | \$54.39 | \$17,621.90 |
| Total | \$362,590.51 | \$9,064.76 | \$1,087.77 | \$352,437.98 |

The remaining benefit, or service cost, to parcels has been distributed to both assessed and non-assessed parcels using the following methodology. First, in order to determine the general benefit to non-assessed parcels, the Engineer assigned each parcel group a benefit factor, determined the appropriate parcel characteristic to use in the calculation, and multiplied the benefit factor by the benefit characteristic to determine the benefit units attributable to each parcel group. The Engineer then apportioned the remaining improvements, maintenance, and services cost (service cost minus general benefit to the public-at-large) in accordance with the benefit units derived by each parcel group.

c. **Benefit Factors**

All parcels within the 16PBID and parcels outside, but adjacent to the 16PBID boundaries have been assigned a benefit factor to mathematically represent the proportional special and general benefit and quantify the value of each. The determination of benefit factors for each type of activity follows.

i. Direct Improvements, Maintenance, and Activities

The improvements, maintenance, and activities (those that are physically provided via a person or people working throughout the 16PBID) to be provided by the 16PBID generate three types of special benefits:

- *Service* – The primary special benefit provided by the 16PBID's physical improvements, maintenance, and activities is the actual service. That is, the actual cleanliness, safety, and beautification created by maintenance personnel, security patrols, and placemaking, capital improvements, and mobility projects. The graffiti/litter/streetscape maintenance program provides benefits related to graffiti and sticker removal, sidewalk pressure washing, gutter and storm drain cleaning, and litter removal services (above and beyond what the City provides) that are directly provided to assessed parcel owners. Safety services include daytime and nighttime security patrols, camera monitoring services for participating property owners, homeless outreach programs, and liaison services with the Sacramento Police Department. The Placemaking, Capital Improvements, and Mobility program provides benefits through public space planning, design and management, art installations such as banners on 16th Street, bike rack installations, enhanced street and alley amenities and programming, upgraded parking signage, implementation of curbside management strategies and technologies, and hosting engaging programming including Second Saturday events and a holiday market.
- *Presence* – The 16PBID's physical improvements, maintenance, and activities also provide the special benefit of an individual's presence on the assessed parcel as the improvements, maintenance, and activities are provided, which can have a deterrent effect and creates a positive impression that the area is well-maintained and safe. The "Disneyland effect" is the benefit the parcels receive from the observation that parcels are being maintained. There are studies which link the perception of cleanliness to a perception of increased security. An increased perception of security within the 16PBID fosters a sense of safety among visitors, encouraging more frequent visits and boosting overall foot traffic. The visible presence of the 16PBID's dedicated maintenance personnel and security patrols enhances both the perception and reality of a well-maintained, safe, and inviting public space, providing direct benefits to assessed parcels. The maintenance personnel regularly addresses cleanliness and upkeep needs by removing litter, pressure washing sidewalks, cleaning gutters and storm drains, and removing graffiti and stickers, all contributing to an attractive environment for property owners, tenants, and visitors. The safety program provides proactive and visible security patrols during both day and night, particularly in the evening, securing commercial and entertainment corridors for residents and theatre visitors. These efforts are supplemented by placemaking, capital improvements, and mobility initiatives that create a unique sense of place, enhance the area's designation as an arts destination within greater Midtown, and increase the usability and walkability of parks and public spaces.
- *Proximity* – The 16PBID's physical improvements, maintenance, and activities also provide the special benefit of being in proximity to a cleaner, safer, and more beautified parcel. Assessed parcels within the 16PBID receive the special benefit of being within a unified boundary of cleaner, safer, and more beautified parcels. Neighboring parcels enjoy the spillover benefits of being in proximity to increased safety, cleanliness, and beautification. The further away you are from the 16PBID, the less spillover benefit you will receive. Maintenance services within the 16PBID benefit the assessed parcels by providing a cleaner environment for the parcel

itself as well as the surrounding areas, including sidewalks, gutters, and storm drains. Safety services within the 16PBID benefit the assessed parcels through comprehensive day and night security patrols, camera monitoring services, and homeless outreach programs. Placemaking, Capital Improvement, and Mobility programs within the 16PBID benefit assessed parcels through enhanced street and alley amenities, upgraded public signage, public space planning, design and management, and community programming that supports the area's development as an arts destination while improving walkability and usability of parks and public spaces.

The majority of the special benefit received by the assessed parcels is the result of the 16PBID's direct services; onsite presence and proximity are lesser benefits. It is this Engineer's estimation that seventy-five percent (75%) of the special benefit from the 16PBID's physical improvements, maintenance, and activities is the service, while the presence and proximity benefits each account for twelve and one-half percent (12.5% presence, 12.5% proximity) of the special benefit. Assessed parcels will receive all three benefits; non-assessed parcels within the 16PBID and parcels outside but adjacent to the 16PBID boundaries will not be directly serviced and therefore only receive the general benefit of proximity.

ii. Universal Improvements, Maintenance, and Activities

Some of the 16PBID's improvements, maintenance, and activities, such as advocacy, communications, and administration, are distinct in that they are not provided to a targeted area within the 16PBID, rather they are provided via email newsletters, social media, public relations strategies, the ExploreMidtown website, and other forms of media and targeted at an audience inside and outside the 16PBID in an effort to bring the audience and attract employees, customers, and residents into the 16PBID. These improvements, maintenance, and activities are called "universal improvements, maintenance, and activities" and provide two types of special benefits:

- Direct Exposure – The primary special benefit provided by the 16PBID's universal improvements, maintenance, and activities is exposure. The universal improvements, maintenance, and activities increase awareness of the 16PBID as an arts destination and desirable residential community through targeted communications including the "Live Midtown" campaign, which promotes the Midtown lifestyle and multifamily properties with available units. The 16PBID's advocacy efforts further enhance this exposure by providing strong leadership and creating a forward-thinking, innovative, and business-friendly environment.
- Incidental Exposure – The 16PBID's universal improvements, maintenance, and activities will also have a special benefit of incidental exposure, such as word-of-mouth exposure, that results from the direct exposure and increases awareness of the 16PBID as an arts destination and residential community. Because improvements, maintenance, and activities such as advocacy, communications, and administration are intended to increase awareness, any additional, incidental exposure created as a direct result by the 16PBID improvements, maintenance, and activities is an intended, special benefit to assessed parcels. Additionally, because non-assessed parcels are not included nor intended to receive benefits from any universal improvements, maintenance, and activities of advocacy, communications, and administration, any incidental exposure they receive is a general benefit.

The majority of the benefit from these advocacy, communications, and administration activities is the direct exposure; the incidental exposure is a lesser benefit. It is this Engineer's estimation that ninety percent (90%) of the special benefit from the advocacy, communications, and administration universal activities is direct exposure, while ten percent (10%) is incidental exposure. Assessed parcels will receive both as special benefits; non-assessed parcels within the 16PBID and parcels outside but adjacent to the 16PBID boundaries will not be directly targeted, but will however receive the spillover benefit of incidental exposure.

iii. Factors Determined

Based on the foregoing analysis, all assessed parcels within the 16PBID specially benefit from the 16PBID's improvements, maintenance, and activities and have been assigned a benefit factor of 1.0 (standard benefit).

In this context, standard benefit refers to the full proportional special benefit that assessed parcels receive from the 16PBID's improvements, maintenance, and activities, as determined by the Engineer's analysis. This benefit is measured by a benefit factor of 1.0, indicating that assessed parcels are the primary recipients of the improvements, maintenance, and activities provided. The benefit factor of 1.0 reflects that these parcels specially benefit from the 16PBID's improvements in a manner commensurate with their assessment.

By contrast, non-assessed parcels receive only a portion of the general benefits, primarily in the form of indirect or spillover effects. Because these general benefits are secondary to the special benefit provided to assessed parcels, non-assessed parcels are assigned reduced benefit factors. Specifically, non-assessed parcels will benefit from 10% of the advocacy, communications, and administration universal services and 12.5% of the direct improvements, maintenance, and activities; therefore, non-assessed parcels have been assigned benefit factors of 0.10 and 0.125, respectively.

d. Non-Assessed Benefit Characteristics

There are two types of parcels that are not assessed: those within the 16PBID and those outside but immediately adjacent to the 16PBID boundaries. Because they generally benefit in a differing manner, distinct parcel characteristics are used to quantify the general benefit to each type.

- *Inside* – Non-assessed parcels inside of the 16PBID are surrounded by parcels that are assessed and receiving full special benefits; they will, therefore, receive the general benefit of proximity. These parcels are impacted on more than one side by the 16PBID's improvements, maintenance, and activities and improvements, maintenance, and activities are provided all around them. Because these parcels are surrounded by specially benefitted parcels, it is appropriate that parcel square footage be used to measure the general benefit they receive.
- *Adjacent* – Adjacent parcels are those that are outside the 16PBID, but immediately adjacent to the 16PBID boundaries. To be immediately adjacent to the 16PBID boundaries means to be immediately adjacent to or directly across the street from specially benefitted parcels within the 16PBID, and accessible from specially benefitted parcels. These parcels generally benefit differently than those inside the 16PBID, because these parcels are adjacent to, rather than surrounded by, specially benefitted parcels. Square footage is not an appropriate measure of benefit to these parcels. Because the parcels are not surrounded by serviced parcels, a long, shallow parcel with the same square footage as a deep, narrow parcel will receive a different level of general benefit. Likewise, two parcels with the same depth but a different width

outside, but adjacent to the 16PBID boundaries will benefit differently. To account for this difference, it is appropriate that parcel linear frontage be used to measure the general benefit the parcels adjacent to the 16PBID boundaries receive.

e. Calculations

To quantify and separate the general benefit to non-assessed parcels, the following calculations were undertaken for each budget category.

1. The total activity budget for each category was determined by costs of services that will be provided by the 16PBID to the assessed property owners. The amount of general benefit to the public-at-large and assessed parcels was subtracted from the category budget.
2. Because all assessed parcels within the 16PBID specially benefit from the 16PBID's improvements, maintenance, and activities, assessed parcels were assigned a benefit factor of 1.0. Similarly, non-assessed parcels have been assigned benefit factors based on the portion of the benefit they will receive. Each activity was assigned a benefit factor based on the type of improvements, maintenance, and activities to be provided by that category. The benefit factor applicable to each activity was multiplied by the parcel square footage or linear frontage of assessed and non-assessed parcels, to determine the number of benefit units received by each parcel group. This approach ensures that the general benefit to non-assessed parcels is proportionally tied to the special benefits received by assessed parcels, reflecting the indirect and derivative impacts of the 16PBID's improvements, maintenance, and activities.
3. For each activity category, the benefit units for all parcel groups were summed, and the percentage of benefit units attributable to each parcel group was calculated.
4. The total remaining improvement, maintenance, and activity budget, less the amount already determined to be general benefit to the public-at-large and assessed parcels, was allocated to general and special benefit categories for each parcel group using the calculated benefit percent and applicable benefit characteristic methodology.
5. The special and general benefit resulting from the Contingency Reserve portion of the budget was determined based on the proportional allocation of benefits derived from Maintenance and Safety (Clean and Safe), Placemaking, Capital Improvements, and Mobility, and Advocacy, Communications, and Administration improvements, maintenance and activities from the Contingency Reserve budget category. The Contingency Reserve budget of the 16PBID benefits property owners by providing a buffer for the organization for unexpected changes in revenue, to prepare for the cost of renewal, and/or to allow the 16PBID to fund other overhead costs to support the delivery of special benefit programs to assessed properties within the 16PBID.

Maintenance and Safety (Clean and Safe)

Maintenance and safety (clean and safe) services will be provided directly to assessed parcels. Maintenance services will be provided to assessed parcels via dedicated maintenance personnel that

will patrol and service the 16PBID according to schedules that are periodically evaluated to ensure that parcels' needs are being met in the most effective and efficient manner possible. These maintenance personnel will provide graffiti and sticker removal, sidewalk pressure washing, gutter and storm drain cleaning, litter removal, and bulb-out maintenance. Safety services will be provided directly to assessed parcels via dedicated daytime and evening proactive and visible security patrols and homeless outreach.

Because the maintenance and safety (clean and safe) services are provided along streets and alleys, rather than to the entire parcel, linear street frontage is an appropriate measure of the general benefit the maintenance and safety (clean and safe) services provide to parcels.

Maintenance and safety (clean and safe) services will be provided along both sides of each street, with parcels along each side receiving 50% of the benefit provided by the service. Although not every parcel in the 16PBID directly faces a serviced street, all of the assessed parcels will benefit from the services being provided as those serviced streets are the only method of ingress and egress to the assessed parcels.

Along the perimeters of the 16PBID, maintenance and safety (clean and safe) services will only be provided to the side of the street that abuts the assessed parcels. It is, however, reasonable to conclude that parcels abutting the non-serviced side of the street will receive spillover benefits from the opposite side of the street being serviced.

The table below calculates the amount of benefit provided to parcels by the Maintenance and Safety (Clean and Safe) programs and separates that benefit value between special benefits provided to assessed parcels and general benefits indirectly received by adjacent parcels outside the 16PBID and non-assessed parcels within the 16PBID.

The remaining budget for maintenance and safety (clean and safe) services, minus the amount of general benefit to the public-at-large and assessed parcels, is \$187,319.52. The calculations below determine the amount of general benefit to assessed and non-assessed parcels. The benefit percentages are determined by adding both the assessed and non-assessed benefit units together, then dividing the benefit units for the assessed (or non-assessed) by the total of the benefit units. This is the percentage of assessed (or non-assessed) benefits.

| <u>Parcel Type</u> | <u>Square Footage</u> | <u>Benefit Factor</u> | <u>Benefit Units</u> | <u>Benefit Percent</u> | <u>Remaining Budget</u> | |
|--------------------|-----------------------|-----------------------|----------------------|------------------------|-------------------------|--------------|
| Assessed | 1,362,631 | X 1.00 | = 1,362,631.00 | 98.042% | \$187,319.52 | \$183,652.02 |
| Non-assessed | 217,692 | X 0.125 | = 27,211.50 | 1.958% | \$187,319.52 | \$3,667.50 |

The Maintenance and Safety (Clean and Safe) budget, minus the amount of general benefit to the public at large, assessed parcels, and non-assessed parcels within the 16PBID, is \$183,652.02. The calculations below determine the amount of general benefit to parcels adjacent to the 16PBID but outside the 16PBID. The benefit percentages are determined by adding both the inside and adjacent benefit units together, then dividing the benefit units for the assessed (or non-assessed) by the total of the benefit units. This is the percentage of assessed (or non-assessed) benefits.

| <u>Parcel Type</u> | <u>Linear Frontage</u> | <u>Benefit Factor</u> | <u>Benefit Units</u> | <u>Benefit Percent</u> | <u>Benefit Value</u> | |
|---------------------------|-------------------------------|------------------------------|-----------------------------|-------------------------------|-----------------------------|--------------|
| Inside | 17,816.33 | X 1.00 | 17,816.33 | 96.595% | \$183,652.02 | \$177,398.96 |
| Adjacent | 5,024.00 | X 0.125 | 628.00 | 3.405% | \$183,652.02 | \$6,253.06 |

Therefore, the allocation of the Maintenance and Safety (Clean and Safe) budget is as follows:

| | |
|---|---------------------|
| General Benefit – Public at Large | \$4,817.89 |
| General Benefit – Assessed Parcels | \$578.15 |
| General Benefit – Non-Assessed Inside Parcels | \$3,667.50 |
| General Benefit –Adjacent Parcels | \$6,253.06 |
| Special Benefit | \$177,398.96 |
| Total | \$192,715.56 |

Placemaking, Capital Improvements, and Mobility

Unlike maintenance and safety (clean and safe) services, placemaking, capital improvements, and mobility services are not provided via physical patrols within the 16PBID. Rather, the Placemaking, Capital Improvements, and Mobility program is directed at creating a unique sense of place, increasing the usability and walkability of parks and public spaces, and providing enhanced street and alley amenities, programming, and upgraded curbside management strategies and technologies. Mobility services include installing bicycling infrastructure, such as bike racks and micromobility stations, building wayfinding infrastructure for visitors to move about the 16PBID, and it includes positive messaging about getting to and around the 16PBID. Unlike physical patrols, such as those provided in the Maintenance and Safety budget category and which consist of regular sweeps of dedicated staff looking for safety/maintenance issues in the 16PBID, services in the Placemaking, Capital Improvements and Mobility category are provided in person, but will occur periodically rather than as a part of regular patrols of the 16PBID. The Placemaking, Capital Improvements, and Mobility budget, minus the amount of general benefit to the public-at-large and assessed parcels, is \$60,083.62. The calculations below determine the amount of general benefit to non-assessed parcels within the 16PBID. The benefit percentages are determined by adding both the assessed and non-assessed benefit units together, then dividing the benefit units for the assessed (or non-assessed) by the total of the benefit units. This is the percentage of assessed (or non-assessed) benefits.

| <u>Parcel Type</u> | <u>Square Footage</u> | <u>Benefit Factor</u> | <u>Benefit Units</u> | <u>Benefit Percent</u> | <u>Remaining Budget</u> | |
|--------------------|-----------------------|-----------------------|----------------------|------------------------|-------------------------|-------------|
| Assessed | 1,362,631 | X 1.00 | = 1,362,631.00 | 98.042% | X \$60,083.62 | \$58,907.25 |
| Non-assessed | 217,692 | X 0.125 | = 27,211.50 | 1.958% | X \$60,083.62 | \$1,176.37 |

The Placemaking, Capital Improvements, and Mobility budget, minus the amount of general benefit to the public-at-large, assessed parcels, and non-assessed parcels within the 16PBID, is \$58,907.25. The calculations below determine the amount of general benefit to parcels adjacent to but outside the 16PBID. The benefit percentages are determined by adding both the inside and adjacent benefit units together, then dividing the benefit units for the assessed (or non-assessed) by the total of the benefit units. This is the percentage of assessed (or non-assessed) benefits.

| <u>Parcel Type</u> | <u>Linear Frontage</u> | <u>Benefit Factor</u> | <u>Benefit Units</u> | <u>Benefit Percent</u> | <u>Benefit Value</u> | |
|---------------------|------------------------|-----------------------|----------------------|------------------------|----------------------|-------------|
| Non-Assessed Inside | 17,816.33 | X 1.00 | 17,816.33 | 96.595% | X \$58,907.25 | \$56,901.55 |
| Adjacent | 5,024.00 | X 0.125 | 628.00 | 3.405% | X \$58,907.25 | \$2,005.70 |

Therefore, the allocation of the Placemaking, Capital Improvements, and Mobility budget is as follows:

| | |
|---|--------------------|
| General Benefit – Public At Large | \$1,545.36 |
| General Benefit – Assessed Parcels | \$185.44 |
| General Benefit – Non-Assessed Inside Parcels | \$2,005.70 |
| General Benefit – Adjacent Parcels | \$1,176.37 |
| Special Benefit | \$56,901.55 |
| Total | \$61,814.42 |

Advocacy, Communications, and Administration

Unlike the aforementioned services, the advocacy, communications, and administration services are not provided to a targeted area within the 16PBID. Rather, the Advocacy, Communications, and Administration program is primarily directed at communication strategies to preserve and grow the 16PBID's role as an arts destination in the region and create a forward-thinking, innovative, and business-friendly environment. Although the program will only feature assessed parcels and the buildings thereon, it is reasonable to conclude that there will be a minor, derivative and indirect benefit

to parcels adjacent to but outside of the 16PBID. Because these services are highly focused, and are not physically provided along streets, it is the Engineer's estimation that the adjacent parcels will receive a general benefit equal to ten percent (10%) of the standard benefit. Based on this estimation, adjacent parcels would have a benefit factor of 0.10 (1.00 x 10%).

The Advocacy, Communications, and Administration budget, minus the amount of general benefit to the public-at-large, assessed parcels, and non-assessed parcels within the 16PBID, is \$87,412.94. The calculations below determine the amount of general benefit to parcels adjacent to but outside the 16PBID. The benefit percentages are determined by adding both the inside and adjacent benefit units together, then dividing the benefit units for the assessed (or non-assessed) by the total of the benefit units. This is the percentage of assessed (or non-assessed) benefits.

| <u>Parcel Type</u> | <u>Square Footage</u> | <u>Benefit Factor</u> | <u>Benefit Units</u> | <u>Benefit Percent</u> | <u>Remaining Budget</u> | |
|---------------------------|------------------------------|------------------------------|-----------------------------|-------------------------------|--------------------------------|-------------|
| Assessed | 1,362,631 | X 1.00 | 1,362,631.00 | 98.428% | X \$87,412.94 | \$86,038.40 |
| Non-assessed | 217,692 | X 0.100 | 21,769.20 | 1.572% | X \$87,412.94 | \$1,374.54 |

The Advocacy, Communications, and Administration budget, minus the amount of general benefit to the public, assessed parcels, and non-assessed parcels within the 16PBID, is \$86,038.40. The calculations below determine the amount of general benefit to parcels adjacent to but outside the 16PBID. The benefit percentages are determined by adding both the inside and adjacent benefit units together, then dividing the benefit units for the assessed (or non-assessed) by the total of the benefit units. This is the percentage of assessed (or non-assessed) benefits.

| <u>Parcel Type</u> | <u>Linear Frontage</u> | <u>Benefit Factor</u> | <u>Benefit Units</u> | <u>Benefit Percent</u> | <u>Benefit Value</u> | |
|---------------------------|-------------------------------|------------------------------|-----------------------------|-------------------------------|-----------------------------|-------------|
| Non-Assessed Inside | 17,816.33 | X 1.00 | 17,816.33 | 97.257% | X \$86,038.40 | \$83,678.76 |
| Adjacent | 5,024.00 | X 0.100 | 502.40 | 2.743% | X \$86,038.40 | \$2,359.64 |

Therefore, the allocation of the Advocacy, Communications, and Administration budget is as follows:

| | |
|---|--------------------|
| General Benefit – Public At Large | \$2,248.28 |
| General Benefit – Assessed Parcels | \$269.79 |
| General Benefit – Non-Assessed Inside Parcels | \$1,374.54 |
| General Benefit – Adjacent Parcels | \$2,359.64 |
| Special Benefit | \$83,678.76 |
| Total | \$89,931.01 |

Contingency Reserve

The Contingency Reserve budget line item relates to the specific improvements, maintenance, and activities. These costs have been allocated proportionally based on the special and general benefit provided by each category.

| | <u>Special Benefit to Parcels</u> | <u>General Benefit to Parcels</u> |
|---|--|--|
| Maintenance and Safety (Clean and Safe) | \$177,398.96 | \$9,920.56 |
| Placemaking, Capital Improvements, and Mobility | \$56,901.55 | \$3,182.07 |
| Advocacy, Communications, and Administration | \$83,678.76 | \$3,734.18 |
| Activity Totals | \$317,979.27 | \$16,836.81 |
| Percent | 94.97% | 5.03% |
| Contingency Reserve | \$16,735.75 | \$886.15 |
| Total Parcel Benefits | \$334,715.02 | \$17,722.96 |

Total Benefits

Based on the foregoing calculations, the total benefits to assessed parcels, non-assessed parcels, and the public-at-large are:

| | <u>General Benefit to Assessed Parcels</u> | <u>Special Benefit to Assessed Parcels</u> | <u>General Benefit to Non- Assessed Parcels</u> | <u>General Benefit to Public</u> | <u>Total</u> |
|---|--|--|---|--|---------------------|
| Maintenance and Safety (Clean and Safe) | \$578.15 | \$177,398.96 | \$9,920.56 | \$4,817.89 | \$192,715.56 |
| Placemaking, Capital Improvements, and Mobility | \$185.44 | \$56,901.55 | \$3,182.07 | \$1,545.36 | \$61,814.42 |
| Advocacy, Communications, and Administration | \$269.79 | \$83,678.76 | \$3,734.18 | \$2,248.28 | \$89,931.01 |
| Contingency Reserve | \$54.39 | \$16,735.75 | \$886.15 | \$453.23 | \$18,129.52 |
| Total | \$1,087.77 | \$334,715.02 | \$17,722.96 | \$9,064.76 | \$362,590.51 |

f. Non-Assessment Funding

The programs funded by the 16PBID receive additional non-assessment funding in the form of grants, corporate sponsorships, event income, and other miscellaneous funds. These funding sources are anticipated to equal or exceed the amount of general benefit conferred annually by the 16PBID's improvements, maintenance, and activities, \$27,875.49. These non-assessment funds will be used to pay for the general benefit provided by the 16PBID's improvements, maintenance, and activities, ensuring that parcel assessments will only be used to provide special benefits and "any additional costs of providing general benefits [are] not included in the amounts assessed."¹¹

2. Special Benefits

The improvements, maintenance, and activities to be provided by the 16PBID convey special benefits directly to the assessed parcels. Assessment law requires that "the proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a

¹¹ Streets and Highways Code section 36632(a)

public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided.”¹² Further, “no assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel.”¹³ Special benefit “includes incidental or collateral effects that arise from the maintenance or activities of property-based districts even if those incidental or collateral effects benefit property or persons not assessed.”¹⁴

To determine the total special benefit value to be conveyed to the assessed parcels, we deduct the general benefit value (\$27,875.49) from the total value of the improvements, maintenance, and activities (\$362,590.51). The remaining \$334,715.02 is considered the special benefit to assessed parcels (the “Total Assessment”). The Total Assessment represents the total value of the special benefit to be provided by the improvements, maintenance, and activities. The Total Assessment has been proportionally divided among the assessed parcels so that no assessment exceeds the reasonable cost of the proportional special benefit conferred on a parcel. The assessment rate has been designed to ensure that “properties that receive the same proportionate special benefit pay the same assessment.”¹⁵

| <u>Service Provided</u> | <u>Total Benefit Value</u> | <u>General Benefit to Assessed Parcels</u> | <u>General Benefit to Public-at-Large</u> | <u>General Benefit to Non-Assessed</u> | <u>Special Benefit to Assessed Parcels (Total Assessment)</u> |
|---|-----------------------------------|---|--|---|--|
| Maintenance and Safety (Clean and Safe) | \$192,715.56 | \$578.15 | \$4,817.89 | \$9,920.56 | \$177,398.96 |
| Placemaking, Capital Improvements, and Mobility | \$61,814.42 | \$185.44 | \$1,545.36 | \$3,182.07 | \$56,901.55 |
| Advocacy, Communications, and Administration | \$89,931.01 | \$269.79 | \$2,248.28 | \$3,734.18 | \$83,678.76 |
| Contingency Reserve | \$18,129.52 | \$54.39 | \$453.23 | \$886.15 | \$16,735.75 |
| Total | \$362,590.51 | \$1,087.77 | \$9,064.76 | \$17,722.96 | \$334,715.02 |

¹² Cal. Const., art XIII D §4(a)

¹³ Ibid

¹⁴ Streets and Highways Code section 36615.5

¹⁵ Tiburon v. Bonander (2009) 180 Cal.App.4th 1057

B. Assessment Methodology

1. Base Formula

Each parcel will be assessed based on proportional special benefits received. The variables used for the annual assessment formula are parcel size, building size, and parcel type. These variables are all appropriate measures of the proportional special benefit because the need for services, level of services, and quantity of services are all relative to these variables; thus the special benefit provided to each parcel by the services can be proportionally measured using these variables.

a. Determination of Assessment Rates

Parcel size is an appropriate assessment basis and measure of benefit “because not all parcels in the district are identical in size...some will receive more special benefit than others,”¹⁶ thus parcel size relates to the quantity of services and resultant benefit to be provided. Each of the variables used relates directly to the service level and special benefit provided to each parcel. Parcel square footage is the size of the parcel, measured in square feet. Building square footage is the size of any buildings on the parcel, measured in square feet. Size is an appropriate measure of proportional special benefit because it relates directly to the quantity of services provided to the parcel, the highest and best use of a parcel, and reflects the long-term value implications of the 16PBID. The larger a parcel and the building thereon, the more services and benefit the parcel will receive.

The cost of providing services is primarily dependent upon the parcel size; building size plays a lesser role because services such as maintenance and safety are focused on the parcel's frontage and immediate surroundings rather than the building's interior. Larger parcels inherently require more resources to deliver these services, making parcel size a stronger determinant of service costs than building size.

To determine the assessment rates, the special benefit value was divided by the total assessable parcel and building square footage, as shown in the tables below.

| Parcel Type | Initial Parcel Size Budget | | Parcel Square Footage | | Initial Parcel Assessment Rate (\$/sqft/yr) |
|---|-------------------------------|---|--------------------------|---|---|
| Standard | \$233,716.12 | ÷ | 1,062,346.00 | = | \$0.220 |
| Publicly-Owned | \$45,608.45 | ÷ | 268,285.00 | = | \$0.170 |
| Healthcare or Religious Organization Use | \$4,160.00 | ÷ | 32,000.00 | = | \$0.130 |

¹⁶ *Dahms v. Downtown Pomona* (2009) 173 Cal.App.4th 1201

| Parcel Type | Initial Building Size Budget | Building Square Footage | Initial Building Assessment Rate (\$/sqft/yr) |
|--|------------------------------|-------------------------|---|
| Standard | \$50,320.05 ÷ | 1,006,401.00 = | \$0.05 |
| Publicly-Owned | N/A ÷ | N/A = | N/A* |
| Healthcare or Religious Organization Use | \$910.40 ÷ | 18,208.00 = | \$0.05 |

*As of the date of this plan there are no buildings located on Publicly-Owned parcels within the 16PBID. If any building square footage is added to Publicly-Owned parcels during the duration of the 16PBID, they will be assessed at a rate of \$0.05 per Building Square Foot.

b. Summary of Assessment Rates

Therefore, the annual assessment cost to parcels is as shown below. All assessment rates may be subject to an increase of no more than six percent (6%) per year. Maximum annual assessment rates are shown in Appendix 1. If you would like more information about parcel assessments, please call Civitas at (916)437-4300 or (800)999-7781.

| Initial Parcel Assessment Rate (\$/sq. ft./yr) | | |
|--|---|---|
| Parcel Type | Initial Parcel Assessment Rate (\$/sq. ft./ yr) | Initial Building Assessment Rate (\$/sq. ft./ yr) |
| Standard | \$0.22 | \$0.05 |
| Publicly-Owned | \$0.17 | \$0.05 |
| Healthcare or Religious Organization Use | \$0.13 | \$0.05 |

Sample assessment calculations are shown in Appendix 4.

c. Parcel Types

1. Standard Parcels

Standard parcels include all parcels which are not zoned exclusively for residential use with less than four (4) units, parcels which are publicly-owned, or healthcare or religious organization use parcels. Standard parcels will receive and benefit from all 16PBID improvements, maintenance, and activities, and will therefore be assessed the full rate.

2. Publicly-Owned Parcels

The California Constitution, in Article XIII D, provides that “parcels within a district that are owned or used by any agency, [or by] the State of California...shall not be exempt from assessment unless the

agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit.” No public agency owning parcels in the 16PBID has made such a demonstration.

Therefore, publicly owned parcels will be assessed, however they shall be assessed at a lower rate than standard parcels. Although these publicly-owned parcels do not have a commercial component, they will benefit from 16PBID Maintenance and Safety (Clean and Safe) improvements, maintenance, and activities which will reduce nuisance behaviors and the occurrence of detrimental activities such as graffiti, littering, loitering, and criminal activity, which negatively impact the parcels and have high remediation costs. However, these parcels will benefit to a lesser degree from other 16PBID services than parcels occupied by for-profit businesses because they do not enjoy the benefits of increased profits resulting from increased commerce.

3. Healthcare or Religious Organization Use Parcels

Because they do not have a commercial component and do not engage in commercial or customer attraction activities, healthcare and religious organization use parcels (as identified by the parcel use code, parcel ownership data, and other parcel data indicated on the County Assessor’s records to determine the actual use of the parcel), will benefit from 16PBID services to a lesser degree than standard parcels and publicly-owned parcels. Though these parcels will benefit from 16PBID Maintenance and Safety (Clean and Safe) improvements, maintenance, and activities, they will receive lesser benefit from the Placemaking, Capital Improvements, and Mobility improvements, maintenance, and activities, which are designed to create a unique sense of place and increase the usability and walkability of parks and public spaces within the 16PBID, and from Advocacy, Communications, and Administration improvements, maintenance, and activities, which are designed to preserve and grow 16th Street’s role as an arts destination in the region. Therefore, these parcels will be assessed at a rate lower than the standard rate and publicly-owned parcel rate, commensurate with the benefits received.

d. Changes in Data

It is the intent of this Plan and Engineer’s Report that each parcel included in the 16PBID can be clearly identified. Every effort has been made to ensure that all parcels included in the 16PBID are consistent in the boundary description, the boundary map, and the assessment calculation table. However, if inconsistencies arise, the order of precedence shall be: 1) the assessment calculation table, 2) the boundary map, and 3) the boundary description.

If the property use, ownership, building square footage, or size of a parcel changes during the term of this 16PBID, the assessment calculation may be modified accordingly.

C. Engineer’s Certification

I hereby certify, to the best of my knowledge and experience, that each of the identified assessed parcels located within the 16PBID will receive a special benefit over and above the general benefits conferred and that the amount of the assessment is no greater than the proportional special benefits conferred on each parcel, as described in this Engineer’s Report.

Review of this 16PBID Management District Plan and preparation of the Engineer's Report was completed by:



Ross E. Peabody

May 27, 2025

Date



This Engineer's Report is intended to be distributed as part of the Management District Plan in its entirety, including the Assessment Calculation Table and the Boundary Map. Reproduction and distribution of only Section VIII of this Management District Plan violates the intent of this stamp and signature

APPENDIX 1 – MAXIMUM ANNUAL ASSESSMENT RATES

The table below illustrates the maximum annual assessment rate with the assumption that the rates will be increased annually by six percent (6%) with approval of the MA. The maximum rates listed are a required disclosure and not the anticipated course of action.

| Year | Standard | | Publicly Owned | | Healthcare or Religious Organization Use | |
|------|-----------------------|--------------------|-----------------------|--------------------|--|--------------------|
| | Parcel Size (sq. ft.) | Building (sq. ft.) | Parcel Size (sq. ft.) | Building (sq. ft.) | Parcel Size (sq. ft.) | Building (sq. ft.) |
| 2026 | 0.2200 | 0.0500 | 0.1700 | 0.0500 | 0.1300 | 0.0500 |
| 2027 | 0.2332 | 0.0530 | 0.1802 | 0.0530 | 0.1378 | 0.0530 |
| 2028 | 0.2472 | 0.0562 | 0.1910 | 0.0562 | 0.1461 | 0.0562 |
| 2029 | 0.2620 | 0.0596 | 0.2025 | 0.0596 | 0.1548 | 0.0596 |
| 2030 | 0.2777 | 0.0631 | 0.2146 | 0.0631 | 0.1641 | 0.0631 |
| 2031 | 0.2944 | 0.0669 | 0.2275 | 0.0669 | 0.1740 | 0.0669 |
| 2032 | 0.3121 | 0.0709 | 0.2411 | 0.0709 | 0.1844 | 0.0709 |
| 2033 | 0.3308 | 0.0752 | 0.2556 | 0.0752 | 0.1955 | 0.0752 |
| 2034 | 0.3506 | 0.0797 | 0.2710 | 0.0797 | 0.2072 | 0.0797 |
| 2035 | 0.3717 | 0.0845 | 0.2872 | 0.0845 | 0.2196 | 0.0845 |

APPENDIX 2 – PBID LAW

CURRENT THROUGH ALL LEGISLATION OF THE 2024 REGULAR AND SPECIAL SESSIONS

STREETS AND HIGHWAYS CODE DIVISION 18. PARKING PART 7. PROPERTY AND BUSINESS IMPROVEMENT DISTRICT LAW OF 1994

CHAPTER 1. General Provisions

ARTICLE 1. Declarations

36600. Citation of part

This part shall be known and may be cited as the “Property and Business Improvement District Law of 1994.”

36601. Legislative findings and declarations; Legislative guidance

The Legislature finds and declares all of the following:

- (a) Businesses located and operating within business districts in some of this state’s communities are economically disadvantaged, are underutilized, and are unable to attract customers due to inadequate facilities, services, and activities in the business districts.
- (b) It is in the public interest to promote the economic revitalization and physical maintenance of business districts in order to create jobs, attract new businesses, and prevent the erosion of the business districts.
- (c) It is of particular local benefit to allow business districts to fund business related improvements, maintenance, and activities through the levy of assessments upon the businesses or real property that receive benefits from those improvements.
- (d) Assessments levied for the purpose of conferring special benefit upon the real property or a specific benefit upon the businesses in a business district are not taxes for the general benefit of a city, even if property, businesses, or persons not assessed receive incidental or collateral effects that benefit them.
- (e) Property and business improvement districts formed throughout this state have conferred special benefits upon properties and businesses within their districts and have made those properties and businesses more useful by providing the following benefits:
 - (1) Crime reduction. A study by the Rand Corporation has confirmed a 12-percent reduction in the incidence of robbery and an 8-percent reduction in the total incidence of violent crimes within the 30 districts studied.
 - (2) Job creation.
 - (3) Business attraction.
 - (4) Business retention.
 - (5) Economic growth.
 - (6) New investments.
- (f) With the dissolution of redevelopment agencies throughout the state, property and business improvement districts have become even more important tools with which communities can combat blight, promote economic opportunities, and create a clean and safe environment.
- (g) Since the enactment of this act, the people of California have adopted Proposition 218, which added Article XIII D to the Constitution in order to place certain requirements and restrictions on the formation of, and activities, expenditures, and assessments by property-based districts. Article XIII D of the Constitution provides that property-based districts may only levy assessments for special benefits.
- (h) The act amending this section is intended to provide the Legislature’s guidance with regard to this act, its interaction with the provisions of Article XIII D of the Constitution, and the determination of special benefits in property-based districts.
 - (1) The lack of legislative guidance has resulted in uncertainty and inconsistent application of this act, which discourages the use of assessments to fund needed improvements, maintenance, and activities in property-based districts, contributing to blight and other underutilization of property.

- (2) Activities undertaken for the purpose of conferring special benefits upon property to be assessed inherently produce incidental or collateral effects that benefit property or persons not assessed. Therefore, for special benefits to exist as a separate and distinct category from general benefits, the incidental or collateral effects of those special benefits are inherently part of those special benefits. The mere fact that special benefits produce incidental or collateral effects that benefit property or persons not assessed does not convert any portion of those special benefits or their incidental or collateral effects into general benefits.
- (3) It is of the utmost importance that property-based districts created under this act have clarity regarding restrictions on assessments they may levy and the proper determination of special benefits. Legislative clarity with regard to this act will provide districts with clear instructions and courts with legislative intent regarding restrictions on property-based assessments, and the manner in which special benefits should be determined.

36602. Purpose of part

The purpose of this part is to supplement previously enacted provisions of law that authorize cities to levy assessments within property and business improvement districts, to ensure that those assessments conform to all constitutional requirements and are determined and assessed in accordance with the guidance set forth in this act. This part does not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes.

36603. Preemption of authority or charter city to adopt ordinances levying assessments

Nothing in this part is intended to preempt the authority of a charter city to adopt ordinances providing for a different method of levying assessments for similar or additional purposes from those set forth in this part. A property and business improvement district created pursuant to this part is expressly exempt from the provisions of the Special Assessment Investigation, Limitation and Majority Protest Act of 1931 (Division 4 (commencing with Section 2800)).

36603.5. Part prevails over conflicting provisions

Any provision of this part that conflicts with any other provision of law shall prevail over the other provision of law, as to districts created under this part.

36604. Severability

This part is intended to be construed liberally and, if any provision is held invalid, the remaining provisions shall remain in full force and effect. Assessments levied under this part are not special taxes.

ARTICLE 2. Definitions

36606. “Activities”

“Activities” means, but is not limited to, all of the following that benefit businesses or real property in the district:

- (a) Promotion of public events.
- (b) Furnishing of music in any public place.
- (c) Promotion of tourism within the district.
- (d) Marketing and economic development, including retail retention and recruitment.
- (e) Providing security, sanitation, graffiti removal, street and sidewalk cleaning, and other municipal services supplemental to those normally provided by the municipality.
- (f) Other services provided for the purpose of conferring special benefit upon assessed real property or specific benefits upon assessed businesses located in the district.

36606.5. “Assessment”

“Assessment” means a levy for the purpose of acquiring, constructing, installing, or maintaining improvements and providing activities that will provide certain benefits to properties or businesses located within a property and business improvement district.

36607. “Business”

“Business” means all types of businesses and includes financial institutions and professions.

36608. “City”

“City” means a city, county, city and county, or an agency or entity created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code, the public member agencies of which includes only cities, counties, or a city and county, or the State of California.

36609. “City council”

“City council” means the city council of a city or the board of supervisors of a county, or the agency, commission, or board created pursuant to a joint powers agreement and which is a city within the meaning of this part.

36609.4. “Clerk”

“Clerk” means the clerk of the legislative body.

36609.5. “General benefit”

“General benefit” means, for purposes of a property-based district, any benefit that is not a “special benefit” as defined in Section 36615.5.

36610. “Improvement”

“Improvement” means the acquisition, construction, installation, or maintenance of any tangible property with an estimated useful life of five years or more including, but not limited to, the following:

- (a) Parking facilities.
- (b) Benches, booths, kiosks, display cases, pedestrian shelters and signs.
- (c) Trash receptacles and public restrooms.
- (d) Lighting and heating facilities.
- (e) Decorations.
- (f) Parks.
- (g) Fountains.
- (h) Planting areas.
- (i) Closing, opening, widening, or narrowing of existing streets.
- (j) Facilities or equipment, or both, to enhance security of persons and property within the district.
- (k) Ramps, sidewalks, plazas, and pedestrian malls.
- (l) Rehabilitation or removal of existing structures.

36611. “Management district plan”; “Plan”

“Management district plan” or “plan” means a proposal as defined in Section 36622.

36612. “Owners’ association”

“Owners’ association” means a private nonprofit entity that is under contract with a city to administer or implement improvements, maintenance, and activities 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. Notwithstanding this section, an owners' association shall comply with the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code), at all times when matters within the subject matter of the district are heard, discussed, or deliberated, and with the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code), for all records relating to activities of the district.

36614. "Property"

"Property" means real property situated within a district.

36614.5. "Property and business improvement district"; "District"

"Property and business improvement district," or "district," means a property and business improvement district established pursuant to this part.

36614.6. "Property-based assessment"

"Property-based assessment" means any assessment made pursuant to this part upon real property.

36614.7. "Property-based district"

"Property-based district" means any district in which a city levies a property-based assessment.

36615. "Property owner"; "Business owner"; "Owner"

"Property owner" means any person shown as the owner of land on the last equalized assessment roll or otherwise known to be the owner of land by the city council. "Business owner" means any person recognized by the city as the owner of the business. "Owner" means either a business owner or a property owner. The city council has no obligation to obtain other information as to the ownership of land or businesses, and its determination of ownership shall be final and conclusive for the purposes of this part. Wherever this part requires the signature of the property owner, the signature of the authorized agent of the property owner shall be sufficient. Wherever this part requires the signature of the business owner, the signature of the authorized agent of the business owner shall be sufficient.

36615.5. "Special benefit"

(a) "Special benefit" means, for purposes of a property-based district, a particular and distinct benefit over and above general benefits conferred on real property located in a district or to the public at large. Special benefit includes incidental or collateral effects that arise from the improvements, maintenance, or activities of property-based districts even if those incidental or collateral effects benefit property or persons not assessed. Special benefit excludes general enhancement of property value.

(b) "Special benefit" also includes, for purposes of a property-based district, a particular and distinct benefit provided directly to each assessed parcel within the district. Merely because parcels throughout an assessment district share the same special benefits does not make the benefits general.

36616. "Tenant"

"Tenant" means an occupant pursuant to a lease of commercial space or a dwelling unit, other than an owner.

ARTICLE 3. Prior Law

36617. Alternate method of financing certain improvements and activities; Effect on other provisions

This part provides an alternative method of financing certain improvements and activities. The provisions of this part shall not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements

or activities or the raising of revenue for these purposes. Every improvement area established pursuant to the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500) of this division) is valid and effective and is unaffected by this part.

CHAPTER 2. Establishment

36620. Establishment of property and business improvement district

A property and business improvement district may be established as provided in this chapter.

36620.5. Requirement of consent of city council

A county may not form a district within the territorial jurisdiction of a city without the consent of the city council of that city. A city may not form a district within the unincorporated territory of a county without the consent of the board of supervisors of that county. A city may not form a district within the territorial jurisdiction of another city without the consent of the city council of the other city.

36621. Initiation of proceedings; Petition of property or business owners in proposed district

- (a) Upon the submission of a written petition, signed by the property or business owners in the proposed district who will pay more than 50 percent of the assessments proposed to be levied, the city council may initiate proceedings to form a district by the adoption of a resolution expressing its intention to form a district. The amount of assessment attributable to property or a business owned by the same property or business owner that is in excess of 40 percent of the amount of all assessments proposed to be levied, shall not be included in determining whether the petition is signed by property or business owners who will pay more than 50 percent of the total amount of assessments proposed to be levied.
- (b) The petition of property or business owners required under subdivision (a) shall include a summary of the management district plan. That summary shall include all of the following:
 - (1) A map showing the boundaries of the district.
 - (2) Information specifying where the complete management district plan can be obtained.
 - (3) Information specifying that the complete management district plan shall be furnished upon request.
- (c) The resolution of intention described in subdivision (a) shall contain all of the following:
 - (1) A brief description of the proposed improvements, maintenance, and activities, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property or businesses within the district, a statement as to whether bonds will be issued, and a description of the exterior boundaries of the proposed district, which may be made by reference to any plan or map that is on file with the clerk. The descriptions and statements do not need to be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements, maintenance, and activities, and the location and extent of the proposed district.
 - (2) A time and place for a public hearing on the establishment of the property and business improvement district and the levy of assessments, which shall be consistent with the requirements of Section 36623.

36622. Contents of management district plan

The management district plan shall include, but is not limited to, all of the following:

- (a) If the assessment will be levied on property, a map of the district in sufficient detail to locate each parcel of property and, if businesses are to be assessed, each business within the district. If the assessment will be levied on businesses, a map that identifies the district boundaries in sufficient detail to allow a business owner to reasonably determine whether a business is located within the district boundaries. If the assessment will be levied on property and businesses, a map of the district in sufficient detail to locate each parcel of property and to allow a business owner to reasonably determine whether a business is located within the district boundaries.
- (b) The name of the proposed district.

(c) A description of the boundaries of the district, including the boundaries of benefit zones, proposed for establishment or extension in a manner sufficient to identify the affected property and businesses included, which may be made by reference to any plan or map that is on file with the clerk. The boundaries of a proposed property assessment district shall not overlap with the boundaries of another existing property assessment district created pursuant to this part. This part does not prohibit the boundaries of a district created pursuant to this part to overlap with other assessment districts established pursuant to other provisions of law, including, but not limited to, the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500)). This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with another business assessment district created pursuant to this part. This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with a property assessment district created pursuant to this part.

(d) The improvements, maintenance, and activities proposed for each year of operation of the district and the estimated cost thereof. If the improvements, maintenance, and activities proposed for each year of operation are the same, a description of the first year's proposed improvements, maintenance, and activities and a statement that the same improvements, maintenance, and activities are proposed for subsequent years shall satisfy the requirements of this subdivision.

(e) The total annual amount proposed to be expended for improvements, maintenance, or activities, and debt service in each year of operation of the district. If the assessment is levied on businesses, this amount may be estimated based upon the assessment rate. If the total annual amount proposed to be expended in each year of operation of the district is not significantly different, the amount proposed to be expended in the initial year and a statement that a similar amount applies to subsequent years shall satisfy the requirements of this subdivision.

(f) The proposed source or sources of financing, including the proposed method and basis of levying the assessment in sufficient detail to allow each property or business owner to calculate the amount of the assessment to be levied against their property or business. The plan also shall state whether bonds will be issued to finance improvements.

(g) The time and manner of collecting the assessments.

(h) The specific number of years in which assessments will be levied. In a new district, the maximum number of years shall be five. Upon renewal, a district shall have a term not to exceed 10 years. Notwithstanding these limitations, a district created pursuant to this part to finance capital improvements with bonds may levy assessments until the maximum maturity of the bonds. The management district plan may set forth specific increases in assessments for each year of operation of the district.

(i) The proposed time for implementation and completion of the management district plan.

(j) Any proposed rules and regulations to be applicable to the district.

(k)

(1) A list of the properties or businesses to be assessed, including the assessor's parcel numbers for properties to be assessed, and a statement of the method or methods by which the expenses of a district will be imposed upon benefited real property or businesses, in proportion to the benefit received by the property or business, to defray the cost thereof.

(2) In a property-based district, 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. An assessment shall not be imposed on any parcel that exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable, and a property-based district shall separate the general benefits, if any, from the special benefits conferred on a parcel. Parcels within a property-based district that are owned or used by any city, public agency, the State of California, or the United States shall not be exempt from assessment unless the governmental entity can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit. The value of any incidental, secondary, or collateral effects that arise from the improvements, maintenance, or activities of a property-based district and that benefit property or persons not assessed shall not be deducted from the entirety of the cost of any special benefit or affect the proportionate special benefit derived by each identified parcel.

(3) In a property-based district, properties throughout the district may share the same special benefits. In a district with boundaries that define which parcels are to receive improvements,

maintenance, or activities over and above those services provided by the city, the improvements, maintenance, or activities themselves may constitute a special benefit. The city may impose assessments that are less than the proportional special benefit conferred, but shall not impose assessments that exceed the reasonable costs of the proportional special benefit conferred. Because one or more parcels pay less than the special benefit conferred does not necessarily mean that other parcels are assessed more than the reasonable cost of their special benefit.

(l) In a property-based district, a detailed engineer's report prepared by a registered professional engineer certified by the State of California supporting all assessments contemplated by the management district plan.

(m) Any other item or matter required to be incorporated therein by the city council.

36623. Procedure to levy assessment

(a) If a city council proposes to levy a new or increased property assessment, the notice and protest and hearing procedure shall comply with Section 53753 of the Government Code.

(b) If a city council proposes to levy a new or increased business assessment, the notice and protest and hearing procedure shall comply with Section 54954.6 of the Government Code, except that notice shall be mailed to the owners of the businesses proposed to be assessed. A protest may be made orally or in writing by any interested person. Every written protest shall be filed with the clerk at or before the time fixed for the public hearing. The city council may waive any irregularity in the form or content of any written protest. A written protest may be withdrawn in writing at any time before the conclusion of the public hearing. Each written protest shall contain a description of the business in which the person subscribing the protest is interested sufficient to identify the business and, if a person subscribing is not shown on the official records of the city as the owner of the business, the protest shall contain or be accompanied by written evidence that the person subscribing is the owner of the business or the authorized representative. A written protest that does not comply with this section shall not be counted in determining a majority protest. If written protests are received from the owners or authorized representatives of businesses in the proposed district that will pay 50 percent or more of the assessments proposed to be levied and protests are not withdrawn so as to reduce the protests to less than 50 percent, no further proceedings to levy the proposed assessment against such businesses, as contained in the resolution of intention, shall be taken for a period of one year from the date of the finding of a majority protest by the city council.

(c) If a city council proposes to conduct a single proceeding to levy both a new or increased property assessment and a new or increased business assessment, the notice and protest and hearing procedure for the property assessment shall comply with subdivision (a), and the notice and protest and hearing procedure for the business assessment shall comply with subdivision (b). If a majority protest is received from either the property or business owners, that respective portion of the assessment shall not be levied. The remaining portion of the assessment may be levied unless the improvement or other special benefit was proposed to be funded by assessing both property and business owners.

36624. Changes to proposed assessments

At the conclusion of the public hearing to establish the district, the city council may adopt, revise, change, reduce, or modify the proposed assessment or the type or types of improvements, maintenance, and activities to be funded with the revenues from the assessments. Proposed assessments may only be revised by reducing any or all of them. At the public hearing, the city council may only make changes in, to, or from the boundaries of the proposed property and business improvement district that will exclude territory that will not benefit from the proposed improvements, maintenance, and activities. Any modifications, revisions, reductions, or changes to the proposed assessment district shall be reflected in the notice and map recorded pursuant to Section 36627.

36625. Resolution of formation

(a) If the city council, following the public hearing, decides to establish a proposed property and business improvement district, the city council shall adopt a resolution of formation that shall include, but is not limited to, all of the following:

- (1) A brief description of the proposed improvements, maintenance, and activities, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property, businesses, or both within the district, a statement on whether bonds will be issued, and a description of the exterior boundaries of the proposed district, which may be made by reference to any plan or map that is on file with the clerk. The descriptions and statements need not be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements, maintenance, and activities and the location and extent of the proposed district.
 - (2) The number, date of adoption, and title of the resolution of intention.
 - (3) The time and place where the public hearing was held concerning the establishment of the district.
 - (4) A determination regarding any protests received. The city shall not establish the district or levy assessments if a majority protest was received.
 - (5) A statement that the properties, businesses, or properties and businesses in the district established by the resolution shall be subject to any amendments to this part.
 - (6) A statement that the improvements, maintenance, and activities to be conferred on businesses and properties in the district will be funded by the levy of the assessments. The revenue from the levy of assessments within a district shall not be used to provide improvements, maintenance, or activities outside the district or for any purpose other than the purposes specified in the resolution of intention, as modified by the city council at the hearing concerning establishment of the district. Notwithstanding the foregoing, improvements and activities that must be provided outside the district boundaries to create a special or specific benefit to the assessed parcels or businesses may be provided, but shall be limited to marketing or signage pointing to the district.
 - (7) A finding that the property or businesses within the area of the property and business improvement district will be benefited by the improvements, maintenance, and activities funded by the proposed assessments, and, for a property-based district, that property within the district will receive a special benefit.
 - (8) In a property-based district, the total amount of all special benefits to be conferred on the properties within the property-based district.
- (b) The adoption of the resolution of formation and, if required, recordation of the notice and map pursuant to Section 36627 shall constitute the levy of an assessment in each of the fiscal years referred to in the management district plan.

36627. Notice and assessment diagram

Following adoption of the resolution establishing district assessments on properties pursuant to Section 36625, the clerk shall record a notice and an assessment diagram pursuant to Section 3114. No other provision of Division 4.5 (commencing with Section 3100) applies to an assessment district created pursuant to this part.

36628. Establishment of separate benefit zones within district; Categories of businesses

The city council may establish one or more separate benefit zones within the district based upon the degree of benefit derived from the improvements or activities to be provided within the benefit zone and may impose a different assessment within each benefit zone. If the assessment is to be levied on businesses, the city council may also define categories of businesses based upon the degree of benefit that each will derive from the improvements or activities to be provided within the district and may impose a different assessment or rate of assessment on each category of business, or on each category of business within each zone.

36628.5. Assessments on businesses or property owners

The city council may levy assessments on businesses or on property owners, or a combination of the two, pursuant to this part. The city council shall structure the assessments in whatever manner it determines corresponds with the distribution of benefits from the proposed improvements, maintenance, and activities, provided that any property-based assessment conforms with the requirements set forth in paragraph (2) of subdivision (k) of Section 36622.

36629. Provisions and procedures applicable to benefit zones and business categories

All provisions of this part applicable to the establishment, modification, or disestablishment of a property and business improvement district apply to the establishment, modification, or disestablishment of benefit zones or categories of business. The city council shall, to establish, modify, or disestablish a benefit zone or category of business, follow the procedure to establish, modify, or disestablish a property and business improvement district.

36630. Expiration of district; Creation of new district

If a property and business improvement district expires due to the time limit set pursuant to subdivision (h) of Section 36622, a new management district plan may be created and the district may be renewed pursuant to this part.

CHAPTER 3. Assessments

36631. Time and manner of collection of assessments; Delinquent payments

The collection of the assessments levied pursuant to this part shall be made at the time and in the manner set forth by the city council in the resolution levying the assessment. Assessments levied on real property may be collected at the same time and in the same manner as for the ad valorem property tax, and may provide for the same lien priority and penalties for delinquent payment. All delinquent payments for assessments levied pursuant to this part may be charged interest and penalties.

36632. Assessments to be based on estimated benefit; Classification of real property and businesses; Exclusion of residential and agricultural property

- (a) The assessments levied on real property pursuant to this part shall be levied on the basis of the estimated benefit to the real property within the property and business improvement district. The city council may classify properties for purposes of determining the benefit to property of the improvements and activities provided pursuant to this part.
- (b) Assessments levied on businesses pursuant to this part shall be levied on the basis of the estimated benefit to the businesses within the property and business improvement district. The city council may classify businesses for purposes of determining the benefit to the businesses of the improvements and activities provided pursuant to this part.
- (c) Properties zoned solely for residential use, or that are zoned for agricultural use, are conclusively presumed not to benefit from the improvements and service funded through these assessments, and shall not be subject to any assessment pursuant to this part.

36633. Time for contesting validity of assessment

The validity of an assessment levied under this part shall not be contested in an action or proceeding unless the action or proceeding is commenced within 30 days after the resolution levying the assessment is adopted pursuant to Section 36625. An appeal from a final judgment in an action or proceeding shall be perfected within 30 days after the entry of judgment.

36634. Service contracts authorized to establish levels of city services

The city council may execute baseline service contracts that would establish levels of city services that would continue after a property and business improvement district has been formed.

36635. Request to modify management district plan

The owners' association may, at any time, request that the city council modify the management district plan. Any modification of the management district plan shall be made pursuant to this chapter.

36636. Modification of plan by resolution after public hearing; Adoption of resolution of intention

(a) Upon the written request of the owners' association, the city council may modify the management district plan after conducting one public hearing on the proposed modifications. The city council may modify the improvements and activities to be funded with the revenue derived from the levy of the assessments by adopting a resolution determining to make the modifications after holding a public hearing on the proposed modifications. If the modification includes the levy of a new or increased assessment, the city council shall comply with Section 36623. Notice of all other public hearings pursuant to this section shall comply with both of the following:

(1) The resolution of intention shall be published in a newspaper of general circulation in the city once at least seven days before the public hearing.

(2) A complete copy of the resolution of intention shall be mailed by first class mail, at least 10 days before the public hearing, to each business owner or property owner affected by the proposed modification.

(b) The city council shall adopt a resolution of intention which states the proposed modification prior to the public hearing required by this section. The public hearing shall be held not more than 90 days after the adoption of the resolution of intention.

36637. Reflection of modification in notices recorded and maps

Any subsequent modification of the resolution shall be reflected in subsequent notices and maps recorded pursuant to Division 4.5 (commencing with Section 3100), in a manner consistent with the provisions of Section 36627.

36638. Assessment as government imposed fee on Civ C § 1770 transaction [Operative July 1, 2024]

(a) A business assessment pursuant to this part is a fee imposed by a government on the transaction for purposes of paragraph (29) of subdivision (a) of Section 1770 of the Civil Code.

(b) This section shall become operative on July 1, 2024.

CHAPTER 3.5. Financing

36640. Bonds authorized; Procedure; Restriction on reduction or termination of assessments

(a) The city council may, by resolution, determine and declare that bonds shall be issued to finance the estimated cost of some or all of the proposed improvements described in the resolution of formation adopted pursuant to Section 36625, if the resolution of formation adopted pursuant to that section provides for the issuance of bonds, under the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500)) or in conjunction with Marks-Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code). Either act, as the case may be, shall govern the proceedings relating to the issuance of bonds, although proceedings under the Bond Act of 1915 may be modified by the city council as necessary to accommodate assessments levied upon business pursuant to this part.

(b) The resolution adopted pursuant to subdivision (a) shall generally describe the proposed improvements specified in the resolution of formation adopted pursuant to Section 36625, set forth the estimated cost of those improvements, specify the number of annual installments and the fiscal years during which they are to be collected. The amount of debt service to retire the bonds shall not exceed the amount of revenue estimated to be raised from assessments over 30 years.

(c) Notwithstanding any other provision of this part, assessments levied to pay the principal and interest on any bond issued pursuant to this section shall not be reduced or terminated if doing so would interfere with the timely retirement of the debt.

CHAPTER 4. Governance

36650. Report by owners' association; Approval or modification by city council

(a) The owners' association shall cause to be prepared a report for each fiscal year, except the first year, for which assessments are to be levied and collected to pay the costs of the improvements, maintenance, and activities described in the report. The owners' association's first report shall be due after the first year of operation of the district. The report may propose changes, including, but not limited to, the boundaries of the property and business improvement district or any benefit zones within the district, the basis and method of levying the assessments, and any changes in the classification of property, including any categories of business, if a classification is used.

(b) The report shall be filed with the clerk and shall refer to the property and business improvement district by name, specify the fiscal year to which the report applies, and, with respect to that fiscal year, shall contain all of the following information:

(1) Any proposed changes in the boundaries of the property and business improvement district or in any benefit zones or classification of property or businesses within the district.

(2) The improvements, maintenance, and activities to be provided for that fiscal year.

(3) An estimate of the cost of providing the improvements, maintenance, and activities for that fiscal year.

(4) The method and basis of levying the assessment in sufficient detail to allow each real property or business owner, as appropriate, to estimate the amount of the assessment to be levied against his or her property or business for that fiscal year.

(5) The estimated amount of any surplus or deficit revenues to be carried over from a previous fiscal year.

(6) The estimated amount of any contributions to be made from sources other than assessments levied pursuant to this part.

(c) The city council may approve the report as filed by the owners' association or may modify any particular contained in the report and approve it as modified. Any modification shall be made pursuant to Sections 36635 and 36636.

The city council shall not approve a change in the basis and method of levying assessments that would impair an authorized or executed contract to be paid from the revenues derived from the levy of assessments, including any commitment to pay principal and interest on any bonds issued on behalf of the district.

36651. Designation of owners' association to provide improvements, maintenance, and activities

The management district plan may, but is not required to, state that an owners' association will provide the improvements, maintenance, and activities described in the management district plan. If the management district plan designates an owners' association, the city shall contract with the designated nonprofit corporation to provide services.

CHAPTER 5. Renewal

36660. Renewal of district; Transfer or refund of remaining revenues; District term limit

(a) Any district previously established whose term has expired, or will expire, may be renewed by following the procedures for establishment as provided in this chapter.

(b) Upon renewal, any remaining revenues derived from the levy of assessments, or any revenues derived from the sale of assets acquired with the revenues, shall be transferred to the renewed district. If the renewed district includes additional parcels or businesses not included in the prior district, the remaining revenues shall be spent to benefit only the parcels or businesses in the prior district. If the renewed district does not include parcels or businesses included in the prior district, the remaining revenues attributable to these parcels shall be refunded to the owners of these parcels or businesses.

(c) Upon renewal, a district shall have a term not to exceed 10 years, or, if the district is authorized to issue bonds, until the maximum maturity of those bonds. There is no requirement that the boundaries, assessments, improvements, or activities of a renewed district be the same as the original or prior district.

CHAPTER 6. Disestablishment

36670. Circumstances permitting disestablishment of district; Procedure

(a) Any district established or extended pursuant to the provisions of this part, where there is no indebtedness, outstanding and unpaid, incurred to accomplish any of the purposes of the district, may be disestablished by resolution by the city council in either of the following circumstances:

(1) If the city council finds there has been misappropriation of funds, malfeasance, or a violation of law in connection with the management of the district, it shall notice a hearing on disestablishment.

(2) During the operation of the district, there shall be a 30-day period each year in which assesses may request disestablishment of the district. The first such period shall begin one year after the date of establishment of the district and shall continue for 30 days. The next such 30-day period shall begin two years after the date of the establishment of the district. Each successive year of operation of the district shall have such a 30-day period. Upon the written petition of the owners or authorized representatives of real property or the owners or authorized representatives of businesses in the district who pay 50 percent or more of the assessments levied, the city council shall pass a resolution of intention to disestablish the district. The city council shall notice a hearing on disestablishment.

(b) The city council shall adopt a resolution of intention to disestablish the district prior to the public hearing required by this section. The resolution shall state the reason for the disestablishment, shall state the time and place of the public hearing, and shall contain a proposal to dispose of any assets acquired with the revenues of the assessments levied within the property and business improvement district. The notice of the hearing on disestablishment required by this section shall be given by mail to the property owner of each parcel or to the owner of each business subject to assessment in the district, as appropriate. The city shall conduct the public hearing not less than 30 days after mailing the notice to the property or business owners. The public hearing shall be held not more than 60 days after the adoption of the resolution of intention.

36671. Refund of remaining revenues upon disestablishment or expiration without renewal of district; Calculation of refund; Use of outstanding revenue collected after disestablishment of district

(a) Upon the disestablishment or expiration without renewal of a district, any remaining revenues, after all outstanding debts are paid, derived from the levy of assessments, or derived from the sale of assets acquired with the revenues, or from bond reserve or construction funds, shall be refunded to the owners of the property or businesses then located and operating within the district in which assessments were levied by applying the same method and basis that was used to calculate the assessments levied in the fiscal year in which the district is disestablished or expires. All outstanding assessment revenue collected after disestablishment shall be spent on improvements and activities specified in the management district plan.

(b) If the disestablishment occurs before an assessment is levied for the fiscal year, the method and basis that was used to calculate the assessments levied in the immediate prior fiscal year shall be used to calculate the amount of any refund.

APPENDIX 3 – PARCEL ASSESSMENT CALCULATIONS

| Map Key | Assessor's Parcel Number (APN) | Parcel Size (sq. ft.) | Building Size (sq. ft.) | Total Initial Annual Assessment |
|---------|--------------------------------|-----------------------|-------------------------|---------------------------------|
| 25 | 002-0091-001-0000 | 108,900 | 0 | \$18,513.00 |
| 26 | 002-0092-010-0000 | 3,049 | 2,848 | \$813.18 |
| 27 | 002-0092-011-0000 | 3,200 | 3,200 | \$864.00 |
| 28 | 002-0092-012-0000 | 6,400 | 420 | \$1,429.00 |
| 29 | 002-0092-013-0000 | 3,920 | 1,872 | \$956.00 |
| 30 | 002-0092-014-0000 | 4,356 | 1,680 | \$0.00 |
| 31 | 002-0092-018-0000 | 2,178 | 1,050 | \$0.00 |
| 32 | 002-0092-019-0000 | 3,049 | 1,780 | \$0.00 |
| 33 | 002-0092-020-0000 | 2,614 | 1,780 | \$0.00 |
| 34 | 002-0092-021-0000 | 2,614 | 1,185 | \$0.00 |
| 35 | 002-0092-022-0000 | 2,614 | 2,028 | \$0.00 |
| 36 | 002-0092-026-0000 | 19,200 | 10,208 | \$3,006.40 |
| 37 | 002-0092-027-0000 | 12,800 | 8,000 | \$2,064.00 |
| 38 | 002-0092-028-0000 | 19,200 | 10,000 | \$4,724.00 |
| 39 | 002-0094-008-0000 | 108,900 | 10,619 | \$24,488.95 |
| 40 | 002-0131-002-0000 | 3,485 | 2,036 | \$0.00 |
| 41 | 002-0131-003-0000 | 3,485 | 0 | \$766.70 |
| 42 | 002-0131-004-0000 | 3,485 | 4,736 | \$1,003.50 |
| 43 | 002-0131-006-0000 | 6,534 | 2,697 | \$0.00 |

| | | | | |
|----|-------------------|--------|--------|------------|
| 44 | 002-0131-007-0000 | 6,534 | 4,126 | \$1,643.78 |
| 45 | 002-0131-008-0000 | 6,534 | 2,282 | \$0.00 |
| 46 | 002-0131-009-0000 | 1,742 | 759 | \$421.19 |
| 47 | 002-0131-010-0000 | 4,792 | 5,460 | \$1,327.24 |
| 48 | 002-0131-011-0000 | 3,049 | 3,000 | \$820.78 |
| 49 | 002-0131-012-0000 | 3,200 | 3,823 | \$895.15 |
| 50 | 002-0131-013-0000 | 10,454 | 12,846 | \$2,942.18 |
| 51 | 002-0131-016-0000 | 7,432 | 2,076 | \$1,738.84 |
| 52 | 002-0131-019-0000 | 3,049 | 2,336 | \$787.58 |
| 53 | 002-0131-020-0000 | 3,200 | 2,762 | \$842.10 |
| 54 | 002-0131-021-0000 | 3,049 | 1,223 | \$0.00 |
| 55 | 002-0131-022-0000 | 3,049 | 3,595 | \$0.00 |
| 56 | 002-0131-023-0000 | 5,663 | 1,105 | \$0.00 |
| 57 | 002-0131-024-0000 | 3,049 | 2,537 | \$0.00 |
| 58 | 002-0131-026-0000 | 12,900 | 6,400 | \$3,158.00 |
| 59 | 002-0131-027-0000 | 7,554 | 0 | \$1,661.88 |
| 60 | 002-0132-001-0000 | 3,049 | 2,051 | \$0.00 |
| 61 | 002-0132-002-0000 | 3,049 | 2,051 | \$773.33 |
| 62 | 002-0132-003-0000 | 3,049 | 0 | \$670.78 |
| 63 | 002-0132-004-0000 | 3,200 | 2,890 | \$0.00 |
| 64 | 002-0132-005-0000 | 6,534 | 4,339 | \$1,654.43 |

| | | | | |
|----|-------------------|--------|--------|------------|
| 65 | 002-0132-007-0000 | 6,534 | 2,620 | \$0.00 |
| 66 | 002-0132-008-0000 | 6,534 | 2,394 | \$0.00 |
| 67 | 002-0132-011-0000 | 3,049 | 2,556 | \$0.00 |
| 68 | 002-0132-012-0000 | 3,200 | 984 | \$753.20 |
| 69 | 002-0132-018-0000 | 6,534 | 5,350 | \$1,704.98 |
| 70 | 002-0132-019-0000 | 6,400 | 3,788 | \$1,597.40 |
| 71 | 002-0132-020-0000 | 6,534 | 2,179 | \$0.00 |
| 72 | 002-0132-021-0000 | 3,200 | 1,509 | \$0.00 |
| 73 | 002-0132-022-0000 | 3,049 | 3,336 | \$0.00 |
| 74 | 002-0132-023-0000 | 3,200 | 4,744 | \$941.20 |
| 75 | 002-0132-024-0000 | 3,049 | 2,172 | \$0.00 |
| 76 | 002-0132-025-0000 | 19,200 | 1,494 | \$4,298.70 |
| 77 | 002-0132-026-0000 | 3,300 | 2,171 | \$0.00 |
| 78 | 002-0132-027-0000 | 1,571 | 2,003 | \$0.00 |
| 79 | 002-0132-028-0000 | 1,571 | 2,003 | \$0.00 |
| 80 | 002-0132-029-0000 | 6,452 | 12,487 | \$2,043.79 |
| 81 | 002-0133-003-0000 | 2,400 | 2,100 | \$633.00 |
| 82 | 002-0133-017-0000 | 25,600 | 18,100 | \$6,537.00 |
| 83 | 002-0133-018-0000 | 6,400 | 6,600 | \$1,738.00 |
| 84 | 002-0133-019-0000 | 10,400 | 2,916 | \$2,433.80 |
| 85 | 002-0133-020-0000 | 12,160 | 11,581 | \$3,254.25 |

| | | | | |
|-----|-------------------|--------|--------|------------|
| 86 | 002-0133-022-0000 | 13,512 | 6,240 | \$3,284.64 |
| 87 | 002-0136-009-0000 | 6,534 | 6,512 | \$1,763.08 |
| 88 | 002-0136-021-0000 | 32,000 | 10,440 | \$7,562.00 |
| 89 | 002-0136-024-0000 | 25,700 | 75,507 | \$9,429.35 |
| 90 | 002-0165-028-0000 | 9,671 | 0 | \$2,127.62 |
| 91 | 002-0166-013-0000 | 12,800 | 0 | \$2,816.00 |
| 92 | 002-0166-020-0000 | 35,380 | 29,907 | \$9,278.95 |
| 93 | 002-0166-021-0000 | 40,030 | 0 | \$6,805.10 |
| 94 | 002-0171-001-0000 | 6,400 | 4,000 | \$1,608.00 |
| 95 | 002-0171-002-0000 | 6,240 | 6,416 | \$1,693.60 |
| 96 | 002-0171-003-0000 | 6,534 | 3,694 | \$0.00 |
| 97 | 002-0171-004-0000 | 6,098 | 4,311 | \$1,557.11 |
| 98 | 002-0171-009-0000 | 6,000 | 6,000 | \$1,620.00 |
| 99 | 002-0171-010-0000 | 2,800 | 0 | \$616.00 |
| 100 | 002-0171-011-0000 | 2,614 | 0 | \$575.08 |
| 101 | 002-0171-015-0000 | 6,400 | 1,448 | \$1,480.40 |
| 102 | 002-0171-016-0000 | 6,534 | 6,329 | \$1,753.93 |
| 103 | 002-0171-017-0000 | 9,583 | 11,251 | \$2,670.81 |
| 104 | 002-0171-018-0000 | 3,485 | 1,592 | \$0.00 |
| 105 | 002-0171-019-0000 | 3,490 | 2,744 | \$905.00 |
| 106 | 002-0171-020-0000 | 2,614 | 1,886 | \$0.00 |

| | | | | |
|-----|-------------------|--------|---------|-------------|
| 107 | 002-0171-022-0000 | 7,405 | 6,622 | \$1,960.20 |
| 108 | 002-0171-023-0000 | 9,810 | 0 | \$2,158.20 |
| 109 | 002-0171-024-0000 | 5,035 | 6,826 | \$1,449.00 |
| 110 | 002-0171-025-0000 | 4,995 | 6,826 | \$1,440.20 |
| 111 | 002-0171-026-0000 | 2,969 | 0 | \$653.18 |
| 112 | 002-0171-027-0000 | 3,479 | 3,748 | \$0.00 |
| 113 | 002-0172-023-0000 | 51,401 | 77,497 | \$15,183.07 |
| 114 | 002-0172-024-0000 | 51,401 | 182,886 | \$20,452.52 |
| 115 | 002-0172-025-0000 | 6,534 | 0 | \$0.00 |
| 116 | 002-0173-001-0000 | 3,200 | 3,000 | \$854.00 |
| 117 | 002-0173-002-0000 | 3,200 | 2,805 | \$844.25 |
| 118 | 002-0173-007-0000 | 6,534 | 6,184 | \$1,746.68 |
| 119 | 002-0173-008-0000 | 3,049 | 1,407 | \$0.00 |
| 120 | 002-0173-011-0000 | 3,049 | 2,416 | \$791.58 |
| 121 | 002-0173-012-0000 | 3,049 | 4,016 | \$871.58 |
| 122 | 002-0173-013-0000 | 3,200 | 1,705 | \$0.00 |
| 123 | 002-0173-014-0000 | 3,049 | 2,235 | \$0.00 |
| 124 | 002-0173-015-0000 | 3,485 | 3,506 | \$942.00 |
| 125 | 002-0173-020-0000 | 6,400 | 1,170 | \$1,466.50 |
| 126 | 002-0173-023-0000 | 19,200 | 11,276 | \$4,787.80 |
| 127 | 002-0173-028-0000 | 12,800 | 10,104 | \$3,321.20 |

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|-----|-------------------|--------|--------|------------|
| 128 | 002-0173-031-0000 | 6,400 | 3,225 | \$0.00 |
| 129 | 002-0173-032-0000 | 25,839 | 56,516 | \$8,510.38 |
| 130 | 002-0174-003-0000 | 6,400 | 4,640 | \$1,640.00 |
| 131 | 002-0174-009-0000 | 3,049 | 3,982 | \$869.88 |
| 132 | 002-0174-010-0000 | 3,049 | 3,982 | \$869.88 |
| 133 | 002-0174-011-0000 | 3,146 | 2,761 | \$830.17 |
| 134 | 002-0174-012-0000 | 3,254 | 2,606 | \$0.00 |
| 135 | 002-0174-013-0000 | 2,178 | 0 | \$479.16 |
| 136 | 002-0174-016-0000 | 12,800 | 17,584 | \$3,695.20 |
| 137 | 002-0174-021-0000 | 15,360 | 13,558 | \$4,057.10 |
| 138 | 002-0174-022-0000 | 10,454 | 11,133 | \$2,856.53 |
| 139 | 002-0174-023-0000 | 16,640 | 26,115 | \$4,966.55 |
| 140 | 002-0174-025-0000 | 25,805 | 76,144 | \$9,484.30 |
| 141 | 002-0240-001-0000 | 2,181 | 1,587 | \$0.00 |
| 142 | 002-0240-002-0000 | 2,171 | 1,587 | \$0.00 |
| 143 | 002-0240-003-0000 | 2,173 | 1,587 | \$0.00 |
| 144 | 002-0240-004-0000 | 2,187 | 1,587 | \$0.00 |
| 145 | 002-0240-005-0000 | 2,180 | 1,585 | \$0.00 |
| 146 | 002-0240-006-0000 | 2,171 | 1,585 | \$0.00 |
| 147 | 002-0240-007-0000 | 2,173 | 1,585 | \$0.00 |
| 148 | 002-0240-008-0000 | 2,314 | 1,585 | \$0.00 |

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|-----|-------------------|--------|--------|------------|
| 149 | 006-0055-001-0000 | 51,401 | 0 | \$8,738.17 |
| 150 | 006-0061-002-0000 | 10,890 | 7,816 | \$2,786.60 |
| 176 | 002-0166-001-0000 | 6,534 | 6,704 | \$1,772.68 |
| 177 | 002-0166-002-0000 | 6,534 | 8,538 | \$1,864.38 |
| 178 | 002-0166-003-0000 | 6,534 | 9,796 | \$1,927.28 |
| 206 | 006-0053-001-0000 | 12,800 | 8,707 | \$3,251.35 |
| 207 | 006-0053-002-0000 | 5,100 | 4,587 | \$1,351.35 |
| 208 | 006-0053-005-0000 | 9,583 | 4,630 | \$2,339.76 |
| 209 | 006-0053-006-0000 | 3,049 | 0 | \$670.78 |
| 210 | 006-0053-007-0000 | 3,200 | 0 | \$704.00 |
| 211 | 006-0053-008-0000 | 3,166 | 0 | \$696.52 |
| 212 | 006-0053-009-0000 | 3,234 | 0 | \$711.48 |
| 213 | 006-0053-010-0000 | 6,400 | 0 | \$1,408.00 |
| 214 | 006-0053-011-0000 | 6,534 | 0 | \$1,437.48 |
| 215 | 006-0053-012-0000 | 8,000 | 8,000 | \$2,160.00 |
| 216 | 006-0053-013-0000 | 6,640 | 0 | \$1,460.80 |
| 217 | 006-0053-017-0000 | 9,600 | 6,160 | \$2,420.00 |
| 218 | 006-0053-018-0000 | 14,100 | 12,100 | \$3,707.00 |
| 219 | 006-0053-021-0000 | 10,960 | 8,142 | \$2,818.30 |
| 220 | 006-0055-007-0000 | 18,880 | 13,581 | \$4,832.65 |
| 221 | 006-0055-009-0000 | 4,792 | 8,881 | \$1,498.29 |

| | | | | |
|-----|-------------------|--------|--------|-------------|
| 222 | 006-0055-010-0000 | 1,764 | 4,361 | \$606.13 |
| 223 | 006-0055-014-0000 | 9,711 | 3,257 | \$2,299.27 |
| 224 | 006-0055-015-0000 | 15,409 | 16,312 | \$4,205.58 |
| 230 | 002-0136-023-0000 | 67,954 | 0 | \$11,552.18 |
| 231 | 002-0260-018-0000 | 1,045 | 1,551 | \$0.00 |
| 232 | 002-0086-035-0000 | 1,917 | 1,367 | \$0.00 |
| 233 | 002-0260-005-0000 | 1,089 | 1,551 | \$0.00 |
| 234 | 002-0260-014-0000 | 1,481 | 1,593 | \$0.00 |
| 235 | 002-0084-001-0000 | 12,800 | 0 | \$2,816.00 |
| 236 | 002-0084-002-0000 | 12,800 | 4,150 | \$3,023.50 |
| 237 | 002-0260-015-0000 | 1,655 | 1,630 | \$0.00 |
| 238 | 002-0260-019-0000 | 1,045 | 1,593 | \$0.00 |
| 239 | 002-0086-029-0000 | 1,657 | 2,010 | \$0.00 |
| 240 | 002-0260-021-0000 | 1,307 | 1,593 | \$0.00 |
| 241 | 002-0260-007-0000 | 1,307 | 1,593 | \$0.00 |
| 242 | 002-0260-003-0000 | 1,089 | 1,551 | \$0.00 |
| 243 | 002-0086-033-0000 | 1,514 | 1,718 | \$0.00 |
| 244 | 002-0086-034-0000 | 1,514 | 1,282 | \$0.00 |
| 245 | 002-0260-008-0000 | 1,917 | 1,630 | \$0.00 |
| 246 | 002-0260-010-0000 | 1,176 | 1,551 | \$0.00 |
| 247 | 002-0260-016-0000 | 1,045 | 1,593 | \$0.00 |

| | | | | |
|-----|-------------------|--------|-------|------------|
| 248 | 002-0260-012-0000 | 1,176 | 1,551 | \$0.00 |
| 249 | 002-0260-013-0000 | 1,176 | 1,551 | \$0.00 |
| 250 | 002-0086-012-0000 | 6,534 | 0 | \$0.00 |
| 251 | 002-0260-002-0000 | 1,089 | 1,593 | \$0.00 |
| 252 | 002-0086-001-0000 | 5,227 | 2,524 | \$0.00 |
| 253 | 002-0086-002-0000 | 3,049 | 931 | \$0.00 |
| 254 | 002-0086-036-0000 | 1,814 | 1,399 | \$0.00 |
| 255 | 002-0086-031-0000 | 1,656 | 1,280 | \$0.00 |
| 256 | 002-0260-011-0000 | 1,176 | 1,551 | \$0.00 |
| 257 | 002-0260-006-0000 | 1,089 | 1,551 | \$0.00 |
| 258 | 002-0086-030-0000 | 1,280 | 1,230 | \$0.00 |
| 259 | 002-0086-008-0000 | 6,534 | 966 | \$0.00 |
| 260 | 002-0260-001-0000 | 1,742 | 1,630 | \$0.00 |
| 261 | 002-0086-028-0000 | 12,800 | 4,208 | \$3,026.40 |
| 262 | 002-0086-039-0000 | 1,816 | 1,399 | \$0.00 |
| 263 | 002-0260-017-0000 | 1,045 | 1,593 | \$0.00 |
| 264 | 002-0086-037-0000 | 1,414 | 1,336 | \$0.00 |
| 265 | 002-0260-020-0000 | 1,045 | 1,551 | \$0.00 |
| 266 | 002-0260-009-0000 | 1,176 | 1,593 | \$0.00 |
| 267 | 002-0086-038-0000 | 1,413 | 1,336 | \$0.00 |
| 268 | 002-0086-032-0000 | 1,818 | 1,985 | \$0.00 |

| | | | | |
|-----|-------------------|-------|-------|--------|
| 269 | 002-0260-004-0000 | 1,089 | 1,551 | \$0.00 |
|-----|-------------------|-------|-------|--------|

*Further detail on parcel types and the assessment methodology is provided in Section VIII.

APPENDIX 4 – TOTAL ESTIMATED COST OF IMPROVEMENTS, MAINTENANCE, AND ACTIVITIES

The estimated maximum cost of the line items below was developed based on the estimated costs of providing improvements, maintenance, and activities in the 16PBID. The costs below are estimated, the actual line item costs will fluctuate. The table below shows combined expenditures from assessment and non-assessment funds. Assessment funds are governed by Section VII. There is no limit on reallocation of non-assessment funds by the Owners' Association. The total maximum budget may exceed the maximum listed in this table if parcel ownership changes result in parcels being assessed at a higher rate due to a higher estimated benefit.

| Fiscal Year | Maintenance & Safety | Placemaking, Capital Improvements, Mobility | Advocacy, Communication, and Admin | Contingency Reserve | Total |
|--------------|-------------------------|--|--|------------------------|-----------------------|
| 2026 | \$192,715.55 | \$61,814.42 | \$110,236.74 | \$18,129.52 | \$382,896.23 |
| 2027 | \$204,278.48 | \$65,523.29 | \$116,850.94 | \$19,217.29 | \$405,870.00 |
| 2028 | \$216,535.19 | \$69,454.68 | \$123,862.00 | \$20,370.33 | \$430,222.20 |
| 2029 | \$229,527.30 | \$73,621.96 | \$131,293.72 | \$21,592.55 | \$456,035.53 |
| 2030 | \$243,298.94 | \$78,039.28 | \$139,171.34 | \$22,888.10 | \$483,397.66 |
| 2031 | \$257,896.88 | \$82,721.64 | \$147,521.62 | \$24,261.39 | \$512,401.53 |
| 2032 | \$273,370.69 | \$87,684.94 | \$156,372.92 | \$25,717.07 | \$543,145.62 |
| 2033 | \$289,772.93 | \$92,946.03 | \$165,755.29 | \$27,260.09 | \$575,734.34 |
| 2034 | \$307,159.31 | \$98,522.79 | \$175,700.61 | \$28,895.70 | \$610,278.41 |
| 2035 | \$325,588.87 | \$104,434.16 | \$186,242.65 | \$30,629.44 | \$646,895.12 |
| Total | \$2,540,144.14 | \$814,763.19 | \$1,453,007.83 | \$238,961.48 | \$5,046,876.64 |

APPENDIX 5- MAP BOOK

