

**SACRAMENTO TOURISM INFRASTRUCTURE DISTRICT
NO. 2018-04
MANAGEMENT DISTRICT PLAN**

*Prepared pursuant to the Property and Business Improvement District Law of
1994, Streets and Highways Code section 36600 et seq.
and City of Sacramento Ordinance No. 2018-0025*

August 22, 2018

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I. OVERVIEW

Developed by Visit Sacramento, the Sacramento Tourism Infrastructure District No. 2018-04 (STID) is an assessment district proposed to provide specific benefits to payors, by providing funding for capital improvements, specifically the construction of a ballroom as part of the Sacramento Convention Center and other infrastructure project and marketing (if funds allow) designed to increase room night sales for assessed lodging businesses. This approach has been used successfully in other destination areas throughout the country to provide the benefit of additional room night sales directly to payors. The STID will be formed pursuant to the Property and Business Improvement District Law of 1994 (California Streets and Highways Code sections 36600 through 36671) (PBID Law), as augmented by Ordinance No. 2018-0025 adopted by the City Council of the City of Sacramento pursuant to the City's charter powers.

Location: The proposed STID includes all lodging businesses (defined herein) located within the boundaries of the City of Sacramento and a portion of the unincorporated areas of the County of Sacramento, as shown on the map in Section III.

Benefits: The STID is designed to provide specific benefits directly to payors by increasing room night sales. Capital improvements and other activities will increase overnight tourism and increase the desirability of Sacramento as a tourist, meeting and event destination, thereby increasing room night sales of payors.

Budget: The total STID annual budget for the initial full year of operation is anticipated to be approximately \$3,141,588. This budget is expected to fluctuate in future years due to fluctuations in room sales, as described in Section IV.

Cost: The annual assessment rate is one percent (1%) of gross short-term room rental revenue. Assessments will not be collected on stays of more than thirty (30) consecutive days because STID programs are only intended to increase short-term stays.

Bonds: The City of Sacramento or a Joint Powers Authority of which the City of Sacramento is a member will issue one or more series of bonds with no final maturity beyond forty (40) years from the date of issuance of the first series of bonds to finance the capital improvements and will pay off those bonds with the assessments collected from lodging businesses within the STID and/or other available revenues. Assessments shall be levied until the maximum maturity of the bonds.

Collection: The City and County will be responsible for collecting the assessment on a monthly basis (including any delinquencies, penalties and interest) from each lodging business located in the boundaries of the STID. The City and County shall take all reasonable efforts to collect the assessments from each lodging business.

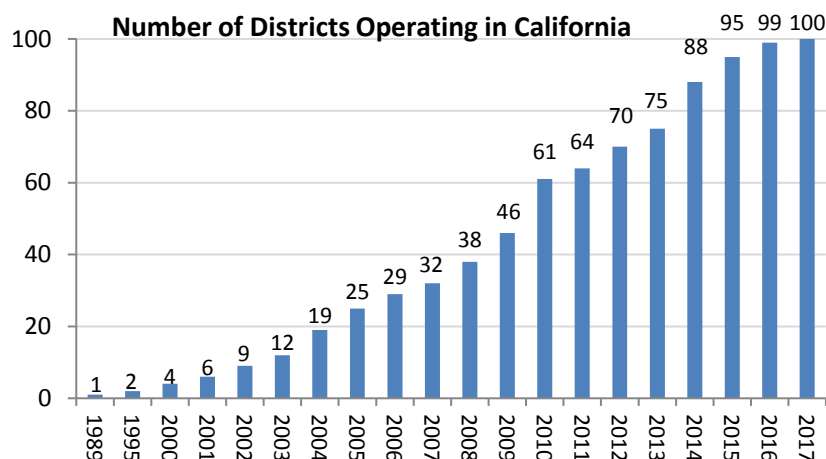
Duration: The proposed STID will have a term necessary to pay off the bonds described above, which is expected to occur thirty (30) years after the effective date of the assessment, but in no event will occur beyond forty (40) years from the date of issuance of the first series of bonds.

Governance: Visit Sacramento, which is a private non-profit organization, will serve as the STID's Owners' Association. The Owners' Association is charged with managing funds in accordance with this Management District Plan (Plan) and any indenture or other

instrument or agreement associated with the issuance of bonds and must provide annual reports to the City Council. It is anticipated that the City or a Joint Powers Authority of which the City is a member will issue bonds and construct the improvements.

II. BACKGROUND

Tourism Improvement Districts (TIDs), like the STID, are an evolution of the traditional Business Improvement District. The first TID was formed in West Hollywood, California in 1989. Since then, over 100 California destinations have followed suit. In recent years, other states have begun adopting the California model – Montana, South Dakota, Washington, Colorado, Texas and Louisiana have adopted TID laws. Several other states are in the process of adopting their own legislation. The cities of Wichita, Kansas and Newark, New Jersey used an existing business improvement district law to form a TID. Finally, some cities, like Portland, Oregon and Memphis, Tennessee have utilized their home rule powers to create TIDs without a state law.



California’s TIDs collectively raise over \$250 million annually for local programs designed to increase tourism. With competitors raising their budgets, and increasing rivalry for visitor dollars, it is important that Sacramento lodging businesses invest in stable, lodging-specific capital improvements programs.

TIDs allow lodging business owners to organize their efforts to increase room night sales. Lodging business owners within the TID pay an assessment and those funds are used to provide programs that increase room night sales.

In California, TIDs are formed pursuant to the PBID Law. This law allows for the creation of a benefit assessment district to raise funds within a specific geographic area. *The key difference between TIDs formed under the PBID Law and other benefit assessment districts formed under other laws is that funds raised are returned to the private non-profit corporation governing the district.*

There are many benefits to TIDs:

- Funds must be spent on services and improvements that provide a specific benefit only to those who pay;
- They are customized to fit the needs of payors in each destination;
- They allow for a wide range of services and improvements;
- They are **designed, created and governed by those who will pay** the assessment; and
- They provide a stable, long-term funding source for tourism projects.

Under the PBID Law, business-based assessments are levied on the basis of estimated specific benefit to the businesses within the district, and are not considered special taxes or general taxes. “Specific benefit” means a benefit that is provided directly to a payor and is not provided to those not charged. See California Government Code section 53758(a). A specific benefit is not excluded from classification as a “specific benefit” merely because an indirect benefit to a nonpayor occurs incidentally and without cost to payor as a consequence of providing the specific benefit to the payor. The State Legislature has found and declared that assessments 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. The State Legislature has also found and declared that assessments levied under the PBID Law are not special taxes. Finally, to promote its purposes, including the ability of business owners to form an assessment district that will provide specific benefits directly to those charged that are not provided to those not charged, the State Legislature has found and declared that the PBID Law is intended to be construed liberally to accomplish its purposes.

III. BOUNDARY

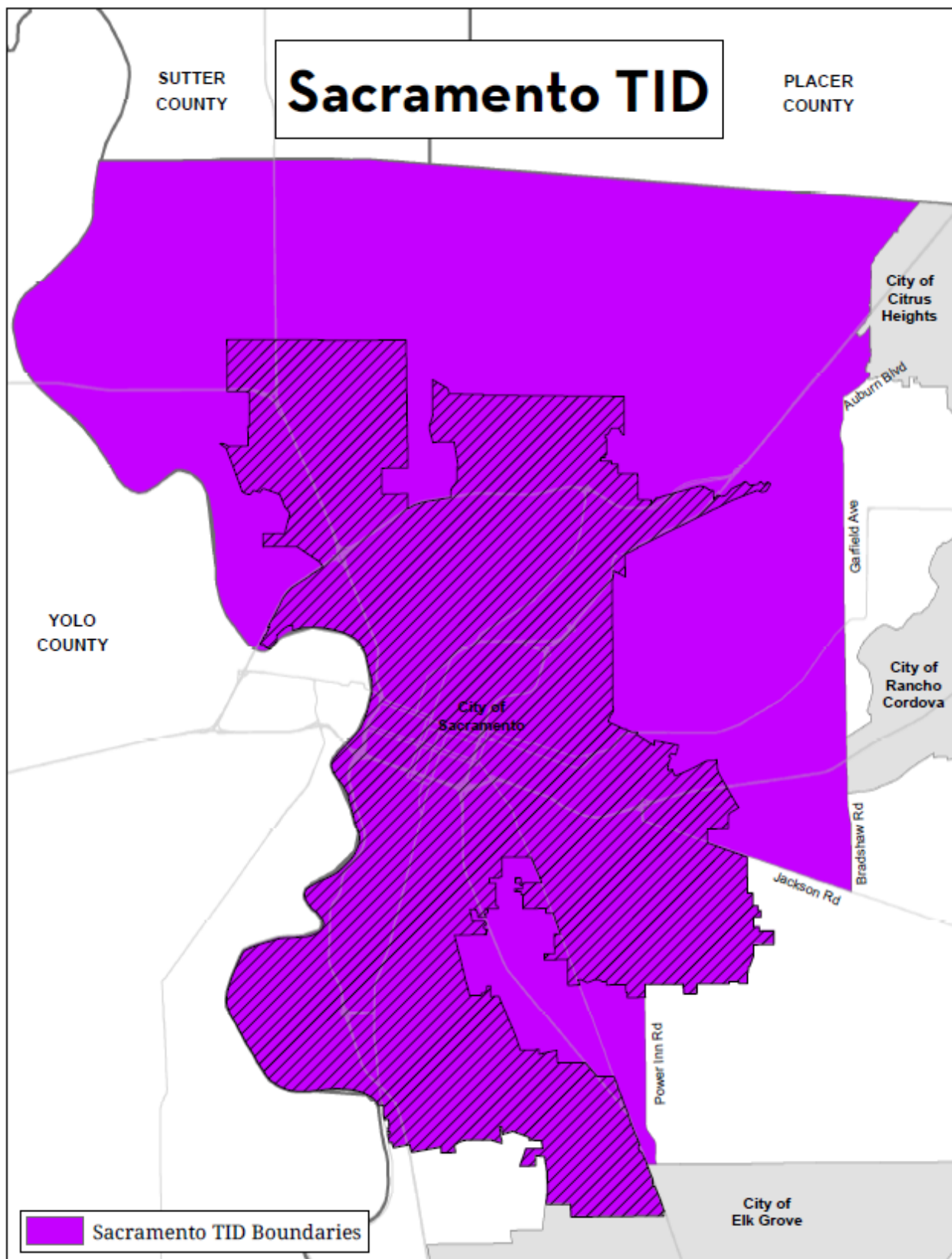
The STID will include all lodging businesses (defined below), existing and in the future, within the boundaries of the City of Sacramento and a portion of the unincorporated areas of the County of Sacramento. The eastern boundary of the STID in the unincorporated areas of the County of Sacramento is bound by: Power Inn Road between the boundary of the City of Elk Grove and the boundary of the City of Sacramento; Jackson Road from the boundary of the City of Sacramento to Bradshaw Road; Bradshaw Road from Jackson Road to Folsom Boulevard; following longitude - 121.336376 from the corner of Folsom Boulevard and Bradshaw Road to the corner of Garfield Avenue and Fair Oaks Boulevard; Garfield Avenue from Fair Oaks Boulevard to Auburn Boulevard; and Auburn Boulevard from Garfield Avenue to Manzanita Avenue.

This boundary was chosen to ensure that the specific benefits conferred by the STID are provided only to the lodging businesses to be assessed and not to other lodging businesses located outside the boundaries of the STID and therefore not assessed. Additional details on this topic are found in the benefit study commissioned by Visit Sacramento in connection with the formation of the STID. See Appendix 3.

Lodging business means: any structure, or any portion of any structure that is permitted by the City or County of Sacramento for short-term rentals, which is occupied or intended or designed for occupancy by transients for dwelling, lodging or sleeping purposes, and includes any hotel, inn, motel, vacation rental, home sharing unit, or other similar structure or portion thereof.

This definition was chosen to ensure that the specific benefits conferred by the STID are provided only to the lodging businesses to be assessed and not to other businesses not assessed. Additional details on this topic are found in the benefit study commissioned in connection with the formation of the STID. See Appendix 3.

The boundary, as shown in the map on the following page, currently includes 268 lodging businesses. A complete listing of lodging businesses currently within the proposed STID boundary can be found in Appendix 2.



IV. BUDGET AND SPECIFIC BENEFITS

A. Annual Plan

Assessment funds will be spent to provide specific benefits conferred or privileges granted directly to the payors that are not provided to those not charged, and which do not exceed the reasonable cost to the City of conferring the benefits or granting the privileges. The privileges and services provided with the STID funds are capital improvements, specifically the construction of a ballroom within the Sacramento Convention Center, and other infrastructure and marketing (if funds allow) designed to increase room night sales for assessed lodging businesses.

Although actual revenues will fluctuate due to market conditions, the total initial budget for the first full year is \$3,141,588¹. A description of the proposed improvements and activities for the initial year of operation is below. The activities proposed for subsequent years are shown in the table on page 10. In the event of a legal challenge against the STID, any and all available assessment funds may be used for the costs of defending the STID. In the first full year of operation, the costs of creating the STID shall be repaid by deducting repayment funds proportionally from budget categories.

The capital improvements and debt service portion of the budget will be used to fund capital improvements designed to increase room night sales for assessed businesses. The focus of the capital improvements program is to fund a portion of the planned expansion to the Sacramento Convention Center, specifically the construction of a ballroom, designed to increase overnight tourism and increase the desirability of the Sacramento Convention Center as a tourist, meeting and event destination, thereby increasing room night sales for assessed lodging businesses.

If funds allow, the focus of other tourism infrastructure projects is to fund additional tourism infrastructure, above and beyond the Convention Center, that will drive new room nights to assessed businesses within the STID. If other tourism infrastructure projects are approved by the STID Tourism District Committee and City and included in an annual report, funds may be set aside and held for multiple years to fund the approved projects, or bonds may be issued.

If funds allow, the marketing and sales portion of the budget will be used to drive overnight visitation to assessed businesses within the STID by targeting convention meeting planners in national trade publications, as well as potential out-of-market festival and sporting event attendees.

The proposed ballroom will be funded by bonds issued by the City of Sacramento or a Joint Powers Authority of which the City of Sacramento is a member and will be built by the City of Sacramento or the Joint Powers Authority of which the City of Sacramento is a member. The capital improvements and debt service budget will be used to make payments owed to bond holders or to reimburse the City or the Joint Powers Authority for payments made to bond holders from other sources.

Any assessment revenue collected in excess of what is needed to pay principal and interest on the bonds or other obligations issued or incurred to fund the Convention Center ballroom, replenish reserve funds, and pay for administrative expenses related thereto, shall be used in the following

¹ This estimate is based on historic revenue information submitted by the City of Sacramento and County of Sacramento as to the amount of short term room rental revenue for lodging businesses within the proposed STID boundary.

manner and order of priority:

1. Payments to the City of Sacramento and the County of Sacramento for the costs of collecting the assessment and administering the STID;
2. Payments to the City of Sacramento for costs related to the design of the Convention Center ballroom;
3. Payments to the City of Sacramento of the difference between bond proceeds and actual construction costs for the Convention Center ballroom, or at the City's election, repayments to the City of Sacramento of a portion of the difference between bond proceeds and actual construction costs for the Convention Center ballroom and a portion of the cost of Visit Sacramento marketing and sales programs; and
4. Other tourism infrastructure projects and Visit Sacramento marketing and sales programs designated by the STID Tourism District Committee (if funds allow). Other tourism infrastructure projects and marketing and sales programs will be supported by an analysis showing that they will increase overnight visitation and room night sales at assessed businesses, which analysis will be included in each applicable annual report. Tourism infrastructure projects are defined as capital improvements designed to increase overnight visitation and room night sales at assessed businesses. The annual report shall be developed by the STID Tourism District Committee and Visit Sacramento in consultation with the City of Sacramento.

As noted above, the City of Sacramento and the County of Sacramento shall be paid a fee from assessment revenues not used for debt service payments to cover their costs of collection and administration.

B. Annual Budget

The estimated thirty (30) year improvement and service plan budget is projected at approximately \$3,141,588 annually during the first full year, or \$158,231,880 over thirty (30) years. This amount is expected to fluctuate due to fluctuations in room sales. In 2016, a report was completed forecasting Sacramento lodging business room revenues from 2016/17 through 2055/56. The report forecasted the estimated compound annual growth rate (CAGR) at 3.4% annually for that forty (40) year period. In May 2017 the City commissioned an update to the October 2016 report that forecasted Sacramento lodging business room revenue. Though the projected average annual growth rate as identified in the October 2016 report as compared to the May 2017 report showed an increase in projected revenue from 3.4% annually to 3.7% annually (both rounded figures), the City is not relying upon such forecasted growth for purposes of bonding capacity analysis. Using the information provided in the report, the estimated CAGR for the anticipated thirty (30) year life of the STID is 3.35%. The 3.35% CAGR is used to estimate the amount of annual assessment collections, over the life of the STID, as shown in the following table²³. It is not expected that bonding capacity will be based on estimated

² This table includes the best estimate of annual expenditures based on information available at the present time. Actual annual expenditures will vary based on actual project costs and bonded indebtedness. Expenditures will follow the expenditure priorities stated on pages 8 and 9 of this plan.

³ This table does not have a column for item three in the list of priorities stated on page 9 of this plan (difference between bond proceeds and actual construction costs) because these figures are not known at the present time.

growth projections of STID revenues over the thirty (30) year period. If STID revenues do not increase over the thirty (30) year term of the STID, the total revenue is estimated to be \$94,247,641.

Year*	Capital Improvements & Debt Service	Repayment of Formation Costs	Ballroom Related Design	City & County Collection Costs	Other Capital Improvements & Marketing (if funds allow)	Total
Year 1	\$2,731,816	\$150,000	\$196,941	\$62,832	\$0	\$3,141,588
Year 2	\$2,731,816	\$0	\$450,079	\$64,937	\$0	\$3,246,831
Year 3	\$2,731,816	\$0	\$556,672	\$67,112	\$0	\$3,355,600
Year 4	\$2,731,816	\$0	\$196,308	\$69,360	\$470,529	\$3,468,013
Year 5	\$2,731,816	\$0	\$0	\$71,684	\$780,692	\$3,584,191
Year 6	\$2,731,816	\$0	\$0	\$74,085	\$898,361	\$3,704,261
Year 7	\$2,731,816	\$0	\$0	\$76,567	\$1,019,971	\$3,828,354
Year 8	\$2,731,816	\$0	\$0	\$79,132	\$1,145,656	\$3,956,604
Year 9	\$2,731,816	\$0	\$0	\$81,783	\$1,275,552	\$4,089,150
Year 10	\$2,731,816	\$0	\$0	\$84,523	\$1,409,798	\$4,226,137
Year 11	\$2,731,816	\$0	\$0	\$87,354	\$1,548,543	\$4,367,712
Year 12	\$2,731,816	\$0	\$0	\$90,281	\$1,691,935	\$4,514,031
Year 13	\$2,731,816	\$0	\$0	\$93,305	\$1,840,130	\$4,665,251
Year 14	\$2,731,816	\$0	\$0	\$96,431	\$1,993,290	\$4,821,537
Year 15	\$2,731,816	\$0	\$0	\$99,661	\$2,151,581	\$4,983,058
Year 16	\$2,731,816	\$0	\$0	\$103,000	\$2,315,175	\$5,149,991
Year 17	\$2,731,816	\$0	\$0	\$106,450	\$2,484,249	\$5,322,515
Year 18	\$2,731,816	\$0	\$0	\$110,016	\$2,658,988	\$5,500,820
Year 19	\$2,731,816	\$0	\$0	\$113,702	\$2,839,580	\$5,685,097
Year 20	\$2,731,816	\$0	\$0	\$117,511	\$3,026,221	\$5,875,548
Year 21	\$2,731,816	\$0	\$0	\$121,448	\$3,219,115	\$6,072,379
Year 22	\$2,731,816	\$0	\$0	\$125,516	\$3,418,472	\$6,275,803
Year 23	\$2,731,816	\$0	\$0	\$129,721	\$3,624,506	\$6,486,043
Year 24	\$2,731,816	\$0	\$0	\$134,067	\$3,837,443	\$6,703,325
Year 25	\$2,731,816	\$0	\$0	\$138,558	\$4,057,513	\$6,927,887
Year 26	\$2,731,816	\$0	\$0	\$143,199	\$4,284,956	\$7,159,971
Year 27	\$2,731,816	\$0	\$0	\$147,997	\$4,520,018	\$7,399,830
Year 28	\$2,731,816	\$0	\$0	\$152,954	\$4,762,954	\$7,647,724
Year 29	\$2,731,816	\$0	\$0	\$158,078	\$5,014,029	\$7,903,923
Year 30	\$2,731,816	\$0	\$0	\$163,374	\$5,273,515	\$8,168,704
Total	\$81,954,470	\$150,000	\$1,400,000	\$3,164,638	\$71,562,772	\$158,231,880

*“Year” refers to the twelve (12) month period beginning the first day of the first month the STID assessment is levied as detailed in Section IV (G).

C. California Constitutional Compliance

The STID assessment is not a property-based assessment subject to the requirements of Proposition 218. Courts have found Proposition 218 limited the term ‘assessments’ to levies on real property.⁴ Rather, the STID assessment is a business-based assessment, and is subject to Proposition 26. Pursuant to Section 1(e) of Article XIII C of the California Constitution (enacted by Proposition 26 in 2010), all levies are a tax unless they fit one of seven exceptions. One exception applies squarely to the STID, as the proposed assessment provides a “specific benefit” to payors that is not provided to

⁴ *Jarvis v. the City of San Diego* (1999) 72 Cal App. 4th 230

those who do not pay. (Cal. Const., art. XIII C, § 1, subd. (e)(1).) This exception requires that the amount of the assessment does not exceed the reasonable cost to the City of conferring these benefits.

1. Specific Benefit

The assessments to be levied in the STID are not taxes for purposes of Section 1(e) of Article XIII C of the California Constitution, because the assessment funds will be expended on, “a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.”⁵ The Plan and its programs are designed to provide targeted benefits directly to assessed businesses, and are intended only to provide benefits and services directly to those businesses paying the assessment. These services are tailored not to serve the general public, businesses in general, or parcels of land, but rather to serve the specific lodging businesses within the STID. The boundaries of the STID have been carefully designed to closely align the specific benefit from the Convention Center improvements to the assessed businesses. The construction of a Convention Center ballroom is specifically targeted to increase room night sales for assessed lodging businesses within the boundaries of the STID; similarly, any other tourism infrastructure projects and marketing and sales programs will be supported by an analysis showing that they will increase overnight visitation and room night sales at assessed businesses. STID funds will be used exclusively to provide the specific benefit of increased room night sales directly to the assesseees. Assessment funds shall not be used to feature non-assessed lodging businesses in STID programs, or to directly generate sales for non-assessed businesses. The activities paid for from assessment revenues will provide specific benefits directly to the assessed businesses.

“Direct” is defined as “immediate,” “proximate,” and “without circuitry.”⁶ The proposed improvements to the Sacramento Convention Center, specifically the construction of a ballroom, will proximately increase the number of rooms sold by assessed lodging businesses in connection with the increases to group bookings at the Convention Center. There is no intermediary; the specific benefit of additional room nights flows directly to the assessed businesses from the improvements. The proposed improvements are specifically intended to increase room night sales at each assessed business. By directly allocating new room night reservations to assessed lodging businesses within the STID boundary. When new groups book the Convention Center, Visit Sacramento directs those groups to STID lodging businesses. Visit Sacramento will ensure that only assessed lodging businesses receive bookings from additional groups by directing group reservations to assessed lodging businesses within the STID.

The assessment imposed by this STID is for a specific benefit conferred directly to the payors that is not provided to those not charged. The specific benefit conferred directly to the payors is an increase in room night sales. The specific benefit of an increase in room night sales for assessed lodging businesses will be provided directly only to lodging businesses paying the STID assessment, with capital improvements programs increasing the desirability of lodging businesses paying the STID assessment. The capital improvements programs will be designed to increase room night sales at each assessed lodging businesses. It is estimated that the ballroom would generate an average of 228 rooms per night resulting in Revenue per Available Room increases between 7% and 15%.⁷ The estimated

⁵ Cal. Const. art XIII C § 1(e)(1)

⁶ Black’s Law Dictionary, 6th Edition

⁷ Sacramento Tourism Infrastructure District Benefit Study. See Appendix 3.

Revenue per Available Room increase is a reasonable measure of the specific benefit that will be provided to assessed businesses.

Although the STID, in providing specific benefits to payors, may produce incidental benefits to non-paying businesses, the incidental benefit does not preclude the services from being considered a specific benefit. The legislature has found that, “A specific benefit is not excluded from classification as a ‘specific benefit’ merely because an indirect benefit to a nonpayor occurs incidentally and without cost to the payor as a consequence of providing the specific benefit to the payor.”⁸

2. Reasonable Cost

STID improvements and programs will be implemented carefully to ensure they do not exceed the reasonable cost of such improvements and programs. The full amount assessed will be used to provide the improvements and programs described herein. Funds will be managed by Visit Sacramento in accordance with this Plan, the resolutions establishing the STID, the documents relating to the proposed issuance of bonds for the project, and reports submitted on an annual basis to the City. Only assessed lodging businesses will receive the direct benefit of increased room night sales from STID-funded services.

The amount of the assessment is no more than necessary to cover the reasonable costs of the proposed STID programs, and the manner in which the costs are allocated to a lodging business within the STID boundary are proportional to benefits received from the proposed improvements.

The STID-funded program is targeted directly at, and designed to increase the desirability of, only assessed businesses. It is, however, possible that there will be a spill-over benefit to non-assessed businesses. As described herein, this spill-over benefit will be indirect and incidental, and will occur without cost to the payors of the STID assessment as a consequence of providing the specific benefit to the payors.

3. Incidental Benefit to Non-Payors

The specific benefits provided by the STID will be directly provided only to the assessed businesses; they will not be directly provided to non-assessed businesses. As is stated in the attached benefit study, currently, Convention Center booking occurs primarily through Visit Sacramento and their “block” of hotel rooms. Visit Sacramento’s booking practices ensure that those bookings will go only to lodging businesses that are paying the proposed STID assessment.⁹ Possible indirect benefit does not preclude the STID services from being considered a specific government benefit. See Government Code section 53758(a).

Although the PBID Law does not require the cost of any incidental benefit to non-payors be separated from the assessment, out of an abundance of caution a study was conducted on benefits generated by the proposed STID improvements to both non-assessed lodging businesses outside the STID boundary and food and beverage businesses within the STID boundary. The study is attached as Appendix 3. The benefit study concludes, with respect to lodging businesses, “Based on a review of the geography and type of lodging product that is available and based on the compression study it is estimated that approximately 6.6% or less of group business will book in lodging properties outside

⁸ Government Code § 53758(a)

⁹ Sacramento Tourism Infrastructure District Benefit Study. See Appendix 3.

the boundary of the TID.”¹⁰ The estimated benefit to non-assessed food and beverage businesses from the STID improvement program “is approximately 8.9% of total new business revenue as a result of the additional ballroom.”¹¹ As set forth further herein, this spill-over benefit will be indirect and incidental, and will occur without cost to the payors of the STID assessment as a consequence of providing specific benefit to the payors.

D. Assessment

The annual assessment rate is one percent (1%) of gross short term room rental revenue. Assessments will not be collected on stays of more than thirty (30) consecutive days because STID programs are only intended to increase short-term stays.

The term “gross room rental revenue” as used herein means: the consideration charged whether or not received, for the occupancy of space in a lodging business valued in money, whether to be received in money, goods, labor or otherwise, including all receipts, cash, credits and property and services of any kind or nature, without any deduction therefrom whatsoever. Gross room rental revenue shall not include any federal, state or local taxes collected, including but not limited to transient occupancy taxes.

The assessment is levied upon and a direct obligation of each assessed lodging business. However, an assessed lodging business may, at its discretion, pass the assessment on to hotel guests occupying a guest room. The amount of assessment, if passed on to each hotel guest, shall be disclosed in advance and separately stated from the amount of rent charged and any other applicable taxes, and each hotel guest shall receive a receipt for payment from the business. If the STID assessment is identified separately it shall be disclosed as the “Sacramento Tourism Infrastructure District No. 2018-04 Assessment.” As an alternative, the disclosure may include the amount of the STID assessment and the amount of the assessment imposed pursuant to the California Tourism Marketing Act, Government Code §13995 et seq. and shall be disclosed as the “Tourism Assessment.” The assessment is imposed solely upon, and is the sole obligation of the assessed lodging business even if it is passed on to transients. The assessment shall not be considered revenue for any purposes, including calculation of transient occupancy taxes.

E. Bonds

The City of Sacramento or a Joint Powers Authority of which the City of Sacramento is a member will issue one or more series of bonds with no final maturity beyond forty (40) years from the date of issuance of the first series of bonds to finance the capital improvements and will pay off those bonds with the assessments collected from lodging businesses within the STID and/or other available revenues. Assessments shall be levied until the maximum maturity of the bonds. The capital improvements and debt service budget will be used to make payments owed to bond holders or to reimburse the City or the Joint Powers Authority for payments made to bond holders from other sources. In connection with the pledge, the City of Sacramento will file an action in the Superior Court of Sacramento County to determine the validity of the assessments described herein and any related matters, under the provisions of §860 et seq. of the Code of Civil Procedure.

¹⁰ Id.

¹¹ Id.

F. Collection

Each assessed lodging business shall, or on before the last day of the month following the reporting period established by the City or County, make a return to the City or County, on forms provided by the City or County, of the total short term room rental revenue charged and received by the assessed lodging business and the amount of the STID assessment collected. At the time the return is filed, the full amount of the STID assessment shall be remitted to the City or County. Returns and payments are due immediately upon cessation of business for any reason. All STID assessments collected by assessed lodging businesses shall be held in trust for the City or County until payment thereof is made to the City or County. The City and County will be responsible for collecting the assessment on a monthly basis (including any delinquencies, penalties and interest) from each lodging business located in their respective jurisdictions. The City and County shall take all reasonable efforts to collect the assessments from each lodging business. The STID shall reimburse the City of Sacramento and the County of Sacramento for any costs associated with collecting unpaid assessments. If sums in excess of the delinquent STID assessment are sought to be recovered in the same collection action by the City or the County, the STID shall bear its pro rata share of such collection costs. Assessed businesses which are delinquent in paying the assessment shall be responsible for paying:

1. Original Delinquency: Any lodging business that fails to remit any assessment imposed within the time required by City or County instructions shall pay a penalty of ten percent (10%) of the amount of the assessment in addition to the amount of the assessment.
2. Continued Delinquency: Any lodging business that fails to remit any delinquent remittance on or before a period of thirty (30) days following the date on which the remittance first became delinquent shall pay a second delinquency penalty of ten percent (10%) of the amount of the assessment in addition to the amount of the assessment and the ten percent (10%) penalty first imposed.
3. Fraud: If the City or County determines that the nonpayment of any remittance due is due to fraud, a penalty of twenty-five (25%) of the amount of the assessment shall be added thereto in addition to the penalties stated in subsection 1 and 2 of this Section E.
4. Interest: In addition to the penalties imposed, any lodging business that fails to remit any assessment imposed shall pay interest at the rate of one-half of one percent (0.5%) per month or fraction thereof on the amount of the assessment, exclusive of penalties, from the date on which the remittance first became delinquent until paid.
5. Penalties Merged with Assessment: Every penalty imposed and such interest as accrues under the provisions of this section shall become a part of the assessment herein required to be paid.

G. Duration

The proposed STID will have a term necessary to pay off the bonds described herein, which is expected to occur thirty (30) years after the effective date of the assessment, but in no event will occur beyond forty (40) years from the date of issuance of the first series of bonds. The STID shall terminate upon the maximum maturity of the bonds. The amount of the assessment has been selected out of an abundance of caution to ensure bonds will be retired with STID assessment funds even if the economy performs at a rate less than the projected 3.35%. The assessment shall be levied commencing on the first day of the first month chosen by the City, following the entry of a judgment in the validation action relating to the bonds issued for the STID and the related establishment of the STID and levy of assessments in the STID. The City shall provide notice to assessed lodging businesses of the effective date of the assessments promptly following the entry of such judgment. The final year of the bonds will be known once the bonds have been issued by the City or a Joint Powers Authority of which the City is a member, and such final year shall be set forth in the annual report to be prepared by Visit Sacramento for the STID. The County shall promptly remit all

assessments collected by the County to the City for further distribution and use as provided in this Plan and the documents and agreements related to the bonds. The order of priority of the uses of the assessment revenues is described in Section IV(A) above.

V. GOVERNANCE

A. Owners' Association

Pursuant to Streets and Highways Code §36651, the body that shall implement the proposed program, shall be the Owners' Association of the STID as defined in Streets and Highways Code §36612. Visit Sacramento will serve as the Owners' Association for the STID. Visit Sacramento will create a STID Tourism District Committee to manage STID funds and activities.

B. STID Tourism District Committee Structure

The STID Tourism District Committee shall be charged with preparing and approving the budget for STID funds and programs. The STID Tourism District Committee will be operated in accordance with the following guidelines:

1. The STID Tourism District Committee shall have nine (9) members. Among the nine (9) STID Tourism District Committee members:
 - a. One (1) STID Tourism District Committee member shall be a Sacramento City Council member;
 - b. One (1) STID Tourism District Committee member shall be a representative of the Sacramento City Manager's office;
 - c. One (1) STID Tourism District Committee member shall be a representative of the Downtown Sacramento Partnership;
 - d. One (1) STID Tourism District Committee member shall be a member of the Visit Sacramento Board of Directors; and
 - e. Five (5) STID Tourism District Committee members shall be representatives of assessed lodging businesses.
2. All STID Tourism District Committee members shall serve three (3) year terms.
3. STID Tourism District Committee members may serve two (2) consecutive three (3) year terms plus one (1) partial term (less than three (3) years) if selected to fill a mid-term vacancy. No STID Tourism District Committee member who has served two (2) full consecutive three (3) year terms shall be eligible for reappointment until one (1) year has intervened from the date of retirement from the STID Tourism District Committee. Each STID Tourism District Committee member shall serve until expiration of the term for which appointed and until a successor has been appointed.
4. STID Tourism District Committee members, including those selected to fill vacancies, shall be selected by the Sacramento Hotel Association's Board of Directors. STID Tourism District Committee members shall select a Chairperson, Vice Chairperson, and such other STID Tourism District Committee officers as the STID Tourism District Committee shall deem necessary.

C. Segregation of STID Assessment Funds

Any STID assessment funds that are received by Visit Sacramento shall be held in a separate Visit Sacramento bank account.

D. Brown Act and California 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 acts as a legislative body under the Ralph M. Brown Act (Government Code §54950 et seq.). Thus, meetings of the Visit Sacramento Board 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. Accordingly, the Owners' Association shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

E. Annual Report

Visit Sacramento 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 1). The annual report shall be developed by the STID Tourism District Committee and Visit Sacramento in consultation with the City of Sacramento. The annual report shall include:

- Any proposed changes in the boundaries of the STID.
- The improvements and activities to be provided for that fiscal year.
- An estimate of the cost of providing the improvements and the activities for that fiscal year.
- The method and basis of levying the assessment in sufficient detail to allow each business owner to estimate the amount of the assessment to be levied against his or her business for that fiscal year.
- The estimated amount of any surplus or deficit revenues to be carried over from a previous fiscal year.
- The estimated amount of any contributions to be made from sources other than assessments levied within the STID.

APPENDIX 1 – PBID LAW

*** THIS DOCUMENT IS CURRENT THROUGH THE 2018 SUPPLEMENT ***
(ALL 2017 LEGISLATION)

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 (Chapter 3.5 (commencing with Section 6250) of Division 7 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”

“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.

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 maximum 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 his or her 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.
- (l) In a property-based district, the total amount of all special benefits to be conferred upon the properties located within the property-based district.
- (m) In a property-based district, the total amount of general benefits, if any.
- (n) 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.
- (o) 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 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.

36626. Resolution establishing district

If the city council, following the public hearing, desires to establish the proposed property and business improvement district, and the city council has not made changes pursuant to Section 36624, or has made changes that do not substantially change the proposed assessment, the city council shall adopt a resolution establishing the district. The resolution shall contain all of the information specified in Section 36625.

36627. Notice and assessment diagram

Following adoption of the resolution establishing district assessments on properties pursuant to Section 36625 or Section 36626, 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 any action or proceeding unless the action or proceeding is commenced within 30 days after the resolution levying the assessment is adopted pursuant to Section 36626. Any 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.

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 assesseses 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 2 – ASSESSED BUSINESSES

Business Name	Address	City	State	Zip	City/ County
Aaron & Heather Jefferies	261 W. El Camino Ave. #B	Sacramento	CA	95833	City
Alix Ogilvie	4217 12th Ave.	Sacramento	CA	95817	City
Amber House Inn of Midtown	1315 22nd St.	Sacramento	CA	95816	City
American Inn	626 16th St.	Sacramento	CA	95814	City
America's Best Value Inn- Old Town	221 Jibboom St.	Sacramento	CA	95814	City
America's Best Value Inn- Downtown	430 16th St.	Sacramento	CA	95814	City
America's Best Value Inn- North Highlands	4600 Watt Ave.	North Highlands	CA	95660	County
America's Best Value Inn- Sacramento South	18 Massie Ct.	Sacramento	CA	95823	City
Andy Chang	3644 40th St.	Sacramento	CA	95817	City
Andy Chang	3918 35th St.	Sacramento	CA	95820	City
Angela Mia	2870 Castro Way	Sacramento	CA	95818	City
Ann Shook	2408 6th Ave.	Sacramento	CA	95818	City
Anna Kalashnikova	1206 Edmonton Dr.	Sacramento	CA	95833	City
Anna Kalashnikova	2579 Erickson St.	Sacramento	CA	95815	City
Anna Lisa Abrahams	3899 Bartley Dr.	Sacramento	CA	95822	City
Anthony Alexander	5535 Monalee Ave.	Sacramento	CA	95819	City
Arden Star Hotel	1413 Howe Ave.	Sacramento	CA	95825	County
Barbara Malakoff	2969 Riverside Blvd.	Sacramento	CA	95818	City
Best Budget Inn	986 E. El Camino Ave.	Sacramento	CA	95815	City
Best Six Motel	5969 Stockton Blvd.	Sacramento	CA	95824	City
Best Western John Jay Inn	15 Massie Ct.	Sacramento	CA	95823	City
Best Western Plus Sutter House	1100 H St.	Sacramento	CA	95814	City
Best Western Sandman Motel	236 Jibboom St.	Sacramento	CA	95811	City
Bobby Lister III	3972 2nd Ave.	Sacramento	CA	95817	City
Briana Monroe	2558 16th St.	Sacramento	CA	95818	City
Britt Moise	2858 58th St.	Sacramento	CA	95817	City
Brock Saylor	3101 58th St.	Sacramento	CA	95820	City
Bruce Mills & Melissa Rupley	1010 Sagamore Way	Sacramento	CA	95822	City
Budget Inn & Suites	3721 Watt Ave.	Sacramento	CA	95821	County
Capitol Park Hotel	1125 9th St.	Sacramento	CA	95814	City
Carla Mathis, Bharti Charan	7881 Deerhaven Way	Sacramento	CA	95832	City
Carol Davydova	4952 Helen Way	Sacramento	CA	95822	City
Carolina Solorzano, Terry Reese	2714 T St. Unit #B	Sacramento	CA	95816	City
Carrie Lewis	2405 P St.	Sacramento	CA	95816	City
Casa Linda Motel	9509 Folsom Blvd.	Sacramento	CA	95827	County

Business Name	Address	City	State	Zip	City/ County
Chris Butcher	701 41st St.	Sacramento	CA	95819	City
Christina Angell	530 10th St.	Sacramento	CA	95814	City
Christopher Hanks	502 41st St.	Sacramento	CA	95819	City
Chu Wei	2220 19th St.	Sacramento	CA	95818	City
Comfort Inn & Suites	21 Howe Ave.	Sacramento	CA	95826	City
Comfort Suites-Downtown	226 Jibboom St.	Sacramento	CA	95814	City
Congress Hotel	906 12th St.	Sacramento	CA	95814	City
Courtyard by Marriott- Cal Expo	1782 Tribute Rd.	Sacramento	CA	95815	City
Courtyard by Marriott-Midtown	4422 Y St.	Sacramento	CA	95817	City
Courtyard by Marriott-Natomas/Airport	2101 River Plaza Dr.	Sacramento	CA	95833	City
Crowne Plaza	5321 Date Ave.	Sacramento	CA	95841	County
David Fletcher	7663 Pocket Rd.	Sacramento	CA	95831	City
David Long & Jocelyn MacDonald	2412 L St.	Sacramento	CA	95816	City
David Phan	4350 52nd St.	Sacramento	CA	95820	City
David Trapani	1710 24th St.	Sacramento	CA	95816	City
Days Inn Sacramento Downtown	228 Jibboom St.	Sacramento	CA	95814	City
Debra & Walter Jones	2967 Muttonbird Way	Sacramento	CA	95834	City
Delta King Hotel	1000 Front St.	Sacramento	CA	95814	City
Dennis Maloney	4330 52nd St.	Sacramento	CA	95820	City
Dennis Myrick	3330 Mas Amilos Way	Sacramento	CA	95835	City
Deville Motel	2756 Stockton Blvd.	Sacramento	CA	95817	City
Diane Weghorst	5135 15th Ave.	Sacramento	CA	95820	City
Dona Francis	3427 33rd St.	Sacramento	CA	95817	City
Donald & Stephanie Gulcher	4105 Lotus Ave.	Sacramento	CA	95822	City
Dorsey Griffith	2524 8th Ave.	Sacramento	CA	95818	City
DoubleTree by Hilton Sacramento	2001 Point West Way	Sacramento	CA	95815	City
Econo Lodge Downtown	711 16th St.	Sacramento	CA	95814	City
Econo Lodge Sacramento North	3796 Northgate Blvd.	Sacramento	CA	95834	City
Economy Inn	939 E. El Camino Way	Sacramento	CA	95815	City
Eileen Lynch	832 43rd St.	Sacramento	CA	95819	City
Elena Varela	2157 Oakmont St.	Sacramento	CA	95815	City
Eliot Lash	1416 C St.	Sacramento	CA	95814	City
Elissa Thomas	5449 U St.	Sacramento	CA	95817	City
Elle Hoxworth	2505 C Street.	Sacramento	CA	95816	City
Embassy Suites by Hilton-Riverfront Promenade	100 Capitol Mall	Sacramento	CA	95814	City
Emily Vierra	1617 52nd St.	Sacramento	CA	95819	City

Business Name	Address	City	State	Zip	City/ County
Eric Nejedlo	717 17th St. Unit B	Sacramento	CA	95811	City
Extended Stay America #936	3825 Rosin Ct.	Sacramento	CA	95834	City
Extended Stay America #939	2100 Harvard St.	Sacramento	CA	95815	City
Extended Stay America #9608	2810 Gateway Oaks Dr.	Sacramento	CA	95833	City
Fairfield Inn & Suites - Calvin	8058 Orchard Loop Ln.	Elk Grove	CA	95624	County
Fairfield Inn & Suites- Natom	2730 El Centro Rd.	Sacramento	CA	95833	County
Fairfield Inn by Marriott- Cal Expo	1780 Tribute Rd.	Sacramento	CA	95815	City
Fatima Malik	672 Dora Huntzing Ave.	Sacramento	CA	95838	City
Four Points by Sheraton	4900 Duckhorn Dr.	Sacramento	CA	95834	City
Fowl's Rush	3645 Tolenas Ct.	Sacramento	CA	95864	County
Frank Dario Jones	1718 River City Way	Sacramento	CA	95833	City
Georgia Rose	1027 Lochbrae Rd.	Sacramento	CA	95815	City
Glenda Marsh	2154 23rd Ave.	Sacramento	CA	95822	City
Good Nite Inn- Sacramento State	25 Howe Ave.	Sacramento	CA	95826	City
Governors Inn Hotel	210 Richards Blvd.	Sacramento	CA	95814	City
Hamid Lotfi	5333 Sedona Ct.	Carmichael	CA	95608	County
Hampton Inn & Suites at CSUS	1875 65th St.	Sacramento	CA	95819	City
Hampton Inn & Suites- Natomas/Airport	3021 Advantage Way	Sacramento	CA	95834	City
Hampton Inn Suites	2230 Auburn Blvd.	Sacramento	CA	95821	County
Hawthorn Suites by Wyndham Sacramento	321 Bercut Dr.	Sacramento	CA	95811	City
Hilton Garden Inn- South Natomas	2540 Venture Oaks Way	Sacramento	CA	95833	City
Hilton Sacramento Arden West	2200 Harvard St.	Sacramento	CA	95815	City
Holiday Inn Express Cal Expo	2224 Auburn Blvd.	Sacramento	CA	95821	County
Holiday Inn Express- Convention Center	728 16th St.	Sacramento	CA	95814	City
Holiday Inn Express- Natomas/Airport	2981 Advantage Way	Sacramento	CA	95835	City
Holiday Inn Sacramento- Downtown Arena	300 J St.	Sacramento	CA	95814	City
Homewood Suites by Hilton- Natomas/Airport	3001 Advantage Way	Sacramento	CA	95834	City
Hotel Med Park, Sacramento	2356 Stockton Blvd.	Sacramento	CA	95817	City
Hyatt Regency Sacramento	1209 L St.	Sacramento	CA	95814	City
Inn & Spa at Parkside	2116 6th St.	Sacramento	CA	95818	City
Inn Off Capitol Park	1530 N St.	Sacramento	CA	95814	City
Irish Cottage	3650 Los Alamos Way	Sacramento	CA	95864	County
J. Neely Johnson House	1029 F St.	Sacramento	CA	95814	City
Jacob Gray	4906 23rd St.	Sacramento	CA	95822	City

Business Name	Address	City	State	Zip	City/ County
Jacob Rigoli	2328 S St.	Sacramento	CA	95816	City
Jacob Rigoli	2330 S St.	Sacramento	CA	95816	City
Jaime Yabut	7773 Laramore Way	Sacramento	CA	95832	City
Jalal Haddad	2733 39th St.	Sacramento	CA	95817	City
James Cartwright	1703 H St.	Sacramento	CA	95811	City
James Smith	700 38th St.	Sacramento	CA	95816	City
James Stanley	2106 E St.	Sacramento	CA	95816	City
James W. Cameron	1245 Q St.	Sacramento	CA	95811	City
Janna and Jeremy Maron	3768 4th Ave.	Sacramento	CA	95817	City
Jazmyne Suydam	2287 Cambridge St.	Sacramento	CA	95815	City
Jeffrey Douglas	5449 U St.	Sacramento	CA	95817	City
Jennifer Jett	2287 Grove Ave.	Sacramento	CA	95815	City
Jesse Sun	2158 60th Ave.	Sacramento	CA	95822	City
Jessica Liu	4574 Maple Crest St.	Sacramento	CA	95834	City
Jianmin Wu & Jesse Sun	7 Bluestone Ct.	Sacramento	CA	95824	City
Jie Fang	1899 Dawnelle Way	Sacramento	CA	95835	City
Jie Fang & Bo Q. Xu	5826 Bridgecross Dr.	Sacramento	CA	95835	City
Jill Sherrill	2782 Trigo Way	Sacramento	CA	95833	City
Jim Gonzalez & Maria Morales	1830 N St.	Sacramento	CA	95811	City
Joan Cochrane	6140 1st Ave.	Sacramento	CA	95817	City
Joanne Miyao	1709 4th Ave.	Sacramento	CA	95818	City
John Elmasian	2263 24th St.	Sacramento	CA	95822	City
John Joseph	5961 14th Ave.	Sacramento	CA	95820	City
John Kilgour	609 17th St.	Sacramento	CA	95811	City
John L. Thomas	120 Bill Bean Cir.	Sacramento	CA	95835	City
John Lane & Amanda Lane	1815 Q St. #B	Sacramento	CA	95811	City
Johnson's Greenbrier Motel	4331 Stockton Blvd.	Sacramento	CA	95820	City
Jonathan Glover	2801 Marshall Way	Sacramento	CA	95818	City
Joseph Haigler	2566 16th St.	Sacramento	CA	95818	City
Julian Slee	3932 Sherman Way	Sacramento	CA	95817	City
Kaitlyn Kirk	4621 23rd St.	Sacramento	CA	95822	City
Karen Kayfetz	2611 28th St.	Sacramento	CA	95818	City
Karen Pitts	1518 Christopher Way	Sacramento	CA	95819	City
Kari Halen & Glenn Marshall	1630 F St.	Sacramento	CA	95814	City
Katherine Gonzalez	515 40th St.	Sacramento	CA	95819	City
Kelly & Shelby Elias	1315 F St. Unit 2	Sacramento	CA	95814	City
Kimpton Sawyer Hotel	500 J St.	Sacramento	CA	95814	City
Kyle McMakin	922 E St.	Sacramento	CA	95814	City
La Quinta Inn- Downtown Sacramento	200 Jibboom St.	Sacramento	CA	95811	City
La Quinta Inns #631	4604 Madison Ave.	Sacramento	CA	95841	County
Lance Yabut	7753 24th St.	Sacramento	CA	95832	City

Business Name	Address	City	State	Zip	City/ County
Larisa Figueroa	161 Julia Island Cir.	Sacramento	CA	95834	City
Larkspur Landing Hotel	555 Howe Ave.	Sacramento	CA	95825	County
Lauren Williams	241 Sandburg Dr.	Sacramento	CA	95819	City
Lee Tzu Wei	1919 39th St.	Sacramento	CA	95816	City
Lenard Lenhart	251 Orcutt Cir.	Sacramento	CA	95834	City
Leslie & Joel Bosserman	3248 C St.	Sacramento	CA	95816	City
Linda Elgart	2362 Portola Way	Sacramento	CA	95818	City
Lionsgate Hotel	3410 Westover St.	Sacramento	CA	95652	County
Lisa Adams, Elizabeth Adams	3201 Luscutoff Ct.	Sacramento	CA	95820	City
Little Putter Inn	1145 Hampton Rd.	Sacramento	CA	95864	County
Lucy G Properties LLC	2945 Garden Hwy.	Sacramento	CA	95833	County
Lynis Johnson	1230 Woodfield Ave.	Sacramento	CA	95831	City
Mandy Hauck	1725 U St.	Sacramento	CA	95818	City
Manuel Buenrostro	4941 V St.	Sacramento	CA	95817	City
Margaret Gabil	2272 Gerber Ave.	Sacramento	CA	95817	City
Marie Dewitt	2169 Perkins Way	Sacramento	CA	95818	City
Mark & Marcia Benkert	620 24th St.	Sacramento	CA	95816	City
Marsha Roberts	3930 L St.	Sacramento	CA	95816	City
Marwa Ahmed	4932 10th Ave.	Sacramento	CA	95820	City
Mary & Keith Erickson	3133 T St.	Sacramento	CA	95816	City
Matthew Hellier	724 40th St.	Sacramento	CA	95819	City
Matthew Lechowick	1717 23rd St.	Sacramento	CA	95816	City
Matthew Leonardo	3143 4th Ave.	Sacramento	CA	95817	City
Matthew Powers	1170 13th Ave.	Sacramento	CA	95822	City
Melissa Parker	2511 U St.	Sacramento	CA	95818	City
Melody Stone	905 W St.	Sacramento	CA	95818	City
Michael & Gabriela Baiocchi	521 La Purissima Way	Sacramento	CA	95819	City
Michael Cipriano	519 Blackwood St.	Sacramento	CA	95815	City
Michael Hagerty	2430 Q St.	Sacramento	CA	95816	City
Michael Hagerty, Robert Vellanoweth	674 Riverlake Way	Sacramento	CA	95831	City
Michael Pankey	4656 Sunset Dr.	Sacramento	CA	95822	City
Michael Yee	811 Fremont Way	Sacramento	CA	95818	City
Michelle Jenkins	3430 58th St.	Sacramento	CA	95820	City
Mindy Sherwin-Prestage	3444 1st Ave.	Sacramento	CA	95817	City
Ming He	2888 Screech Owl Way	Sacramento	CA	95834	City
Misty & Gabriel Collins	3750 Y St.	Sacramento	CA	95817	City
Motel 6 #0013 Downtown	1415 30th St.	Sacramento	CA	95616	City
Motel 6 #1005 Central	7850 College Town Dr.	Sacramento	CA	95826	City
Motel 6 #1043	7407 Elsie Ave.	Sacramento	CA	95828	County
Motel 6 #1305 Old Sacramento	227 Jibboom St.	Sacramento	CA	95814	City

Business Name	Address	City	State	Zip	City/ County
Motel 6 #1306	5110 Interstate Ave.	Sacramento	CA	95842	County
Nancy Betschart	1590 Caramay Way	Sacramento	CA	95818	City
Nancy Betschart	4613 Fegan Way	Sacramento	CA	95822	City
Napoleon Cristobal	5212 Glimmer Way	Sacramento	CA	95835	City
Natalie Hernandez	4991 71st St.	Sacramento	CA	95820	City
Nicolas Heidorn	3308 L St.	Sacramento	CA	95816	City
OLA Global	5315 Glancy Dr.	Sacramento	CA	95608	County
Paul Comstock	862 41st St.	Sacramento	CA	95823	City
Pinghui Wu & Meixiang Huang	3009 Longboat Key Way	Sacramento	CA	95835	City
Private	3331 Cosmos Ave.	Sacramento	CA	95864	County
Private	6846 Silverthorne Cir.	Sacramento	CA	95842	County
Private	3670 Fair Oaks Blvd.	Sacramento	CA	92864	County
Private	7737 Black Sand Way	Antelope	CA	95843	County
Quality Inn	818 15th St.	Sacramento	CA	95814	City
Quintin Davis	8456 Sunblaze Way	Sacramento	CA	95823	City
R Daniel & Susan K Hood	1029 F St.	Sacramento	CA	95814	City
Ramada Sacramento	2600 Auburn Blvd.	Sacramento	CA	95821	County
Red Lion Inn & Suites	1319 30th St.	Sacramento	CA	95816	City
Red Roof Inn & Suites	4325 Watt Ave.	Sacramento	CA	95821	County
Red Roof Inn-Elk Grove	7780 Stockton Blvd.	Sacramento	CA	95823	City
Residence Inn by Marriott-Capitol Park	1121 15th St.	Sacramento	CA	95814	City
Residence Inn by Marriott-Natomas/Airport	2410 West El Camino Ave.	Sacramento	CA	95833	City
Residence Inn Sacramento	1530 Howe Ave.	Sacramento	CA	95825	County
Riad Bahhur	1307 U St.	Sacramento	CA	95818	City
Rick West	2601 S St.	Sacramento	CA	95816	City
Rink Sanford	1016 U St.	Sacramento	CA	95818	City
Robert Hickey	1011 F St.	Sacramento	CA	95814	City
Robert Vellanoweth	2142 4th Ave.	Sacramento	CA	95818	City
Rodeway Inn	6610 Stockton Blvd.	Sacramento	CA	95823	City
Rommel Soriano	3015 Longboat Key Way	Sacramento	CA	95835	City
Royal 8 Inn	6448 Stockton Blvd.	Sacramento	CA	95823	City
RuoMing Xu	30 Groth Cir.	Sacramento	CA	95834	City
Ryker Flint	820 Riverview Ct.	Sacramento	CA	95822	City
Sac Super 8 Airport	2654 El Centro Rd.	Sacramento	CA	95833	County
Sacramento 49er Travel Plaza	2828 El Centro Rd.	Sacramento	CA	95833	County
Sacramento Hostel	925 H St.	Sacramento	CA	95814	City
Sands Motel	2160 Auburn Blvd.	Sacramento	CA	95821	City
Sarah Mitchel	2156 Perkins Way	Sacramento	CA	95818	City
Sharon Ponciano	623 20th St.	Sacramento	CA	95811	City
Sharon Young	4226 Y St.	Sacramento	CA	95817	City

Business Name	Address	City	State	Zip	City/County
Sheraton Grand Sacramento	1230 J St.	Sacramento	CA	95814	City
Sky Riders Motel	6100 Freeport Blvd.	Sacramento	CA	95822	City
SpringHill Suites by Marriott-Natomas/Airport	2555 Venture Oaks Way	Sacramento	CA	95833	City
Stardust Motel	8637 Folsom Blvd.	Sacramento	CA	95826	City
Staybridge Suites Sacramento	140 Promenade Cir.	Sacramento	CA	95834	City
Steve Pop	1216 U St.	Sacramento	CA	95818	City
Steven Ybarra	2009 D St.	Sacramento	CA	95811	City
Super 8 by Wyndham Sacramento	4317 Madison Ave.	Sacramento	CA	95842	County
Super 8 Executive Suites-Capitol	216 Bannon St.	Sacramento	CA	95814	City
Super 8 Motel - 55th	7216 55th St.	Sacramento	CA	95823	County
SureStay Plus Hotel	1900 Canterbury Rd.	Sacramento	CA	95815	City
SureStay Plus Hotel by Best Western	350 Bercut Dr.	Sacramento	CA	95811	City
Surf Motel	3204 Auburn Blvd.	Sacramento	CA	95821	County
Susan McMillan	1139 33rd St.	Sacramento	CA	95816	City
Tanmoy Chowdhury	5233 Glimmer Way	Sacramento	CA	95835	City
Tasha Mann	2011 24th St.	Sacramento	CA	95818	City
The Citizen Hotel	926 J St.	Sacramento	CA	95814	City
The Greens Hotel	1700 Del Paso Blvd.	Sacramento	CA	95815	City
The Sterling Hotel	1300 H St.	Sacramento	CA	95814	City
The Villas at Arden Hills	1210 Arden Hills Ln.	Sacramento	CA	95864	County
The Westin Sacramento	4800 Riverside Blvd.	Sacramento	CA	95822	City
Thomas Hill & Oksana Hill	2814 G St.	Sacramento	CA	95816	City
Tim Hubbard	1416 23rd St.	Sacramento	CA	95816	City
Tim Hubbard	527 T St. #3	Sacramento	CA	95811	City
Tisha Milanovich	4232 52nd St.	Sacramento	CA	95820	City
TownePlace Suites	1784 Tribute Rd.	Sacramento	CA	95815	City
Tracey Pereira	2111 9th St.	Sacramento	CA	95818	City
Travelodge	9646 Micron Ave.	Sacramento	CA	95827	County
Travelodge Sacramento Convention Center	623 16th St.	Sacramento	CA	95814	City
Troy Schmidt	3965 4th Ave.	Sacramento	CA	95817	City
Trudy Brown	4219 Orange Grove Ave.	Sacramento	CA	95841	County
Umair Khan	4922 Kokomo Dr.	Sacramento	CA	95835	City
Vagabond Inn Executive- Old Town	909 3rd St.	Sacramento	CA	95814	City
VDAHL Enterprises	2324 Granite Way	Sacramento	CA	95821	County
Vince's Motel	9515 Folsom Blvd.	Sacramento	CA	95827	County
Vizcaya Pavilion & Mansion	2019 21st St.	Sacramento	CA	95818	City
Wasana Soontornpura & Joel Seguin	18 Rio Viale Ct.	Sacramento	CA	95831	City

Business Name	Address	City	State	Zip	City/ County
Wickwire AirBnB	3173 Ellington Cir.	Sacramento	CA	95825	County
William Gadea	36 Kitaj Ct.	Sacramento	CA	95835	City
WoodSpring Suites Sacramento	7789 La Mancha Way	Sacramento	CA	95823	City
Yanina Choi	420 Ashwick Lp.	Sacramento	CA	95823	City
Yvonne Chen	2714 Land Park Dr.	Sacramento	CA	95818	City

APPENDIX 3 – BENEFIT STUDY

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Sacramento Tourism Infrastructure District (STID)

Prepared for:
Visit Sacramento
1608 I St., Sacramento
CA 95814

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Assumptions and Limiting Conditions

SMG Consulting has made extensive efforts to confirm the accuracy of the information contained in this report. Such information was compiled from a variety of sources deemed to be reliable. Although SMG Consulting believes the information in this report is correct, it does not warrant the information and assumes no responsibility for inaccuracies of information supplied by third parties. SMG Consulting has no responsibility to update this report for events and circumstances occurring after the publication of this report. Furthermore, SMG makes no guarantee about the possible effects on the development of present or future legislation.

The enclosed analyses and projections are based on assumptions developed for the report and may be used in financial projections. As is the case with projections and forecasting, some assumptions may not materialize, and unanticipated events and circumstances may occur. As such, the actual results may vary from the projections and some of the variations may be material to the conclusions and the analyses.

Overview

Visit Sacramento has commissioned this benefit study to quantify (1) the benefits that will accrue to the lodging businesses¹ to be assessed within the proposed Sacramento Tourism Infrastructure District (STID) as a direct result of the improvement program to be undertaken with the proposed assessments (specifically, funding the construction of a ballroom for the Sacramento Convention Center), and (2) the benefits (if any) that will accrue to other businesses from such improvement program. In particular, the benefit (if any) to food and beverage (F&B) businesses has been analyzed given the theoretical potential for those businesses to benefit from the ballroom improvements.

The STID will be formed pursuant to the Property and Business Improvement District Law of 1994 (California Streets and Highway Code sections 36600 through 36671) (PBID Law), as augmented by Ordinance No. 2018-0025 adopted by the City Council of the City of Sacramento pursuant to the City's charter powers.

Under the PBID Law, business-based assessments are levied on the basis of estimated specific benefit to the businesses within the district. "Specific benefit" means a benefit that is provided directly to a payor and is not provided to those not charged. See California Government Code Sections 53757(a). A specific benefit is not excluded from classification as a "specific benefit" merely because an indirect benefit to a nonpayor occurs incidentally and without cost to the payor as a consequence of providing the specific benefit to the payor.

The definition of "lodging business," the rate of assessment, and certain other key metrics concerning the STID are set forth in the Management District Plan (Plan) for the STID. *This report is intended for use and review only in connection with the review of the complete Plan.*

Specific Project Objectives

Specific project objectives include the following:

1. Identify the anticipated performance revenue of lodging businesses within the proposed STID boundary as a result of the planned ballroom infrastructure improvements.
2. Quantification to show that the benefit across the district is relatively flat and that a flat percentage charge is an appropriate assessment methodology.
3. Identify the potential spill-over benefit to lodging businesses outside the boundary of the STID.
4. Quantify the potential spill-over benefit to non-assessed businesses including food and beverage (F&B) businesses.

Tourism Improvement Districts

Within the State of California, TIDs collectively raise over \$250 million annually for local programs designed to increase tourism. With the advent of TIDs, the competitive equilibrium within the tourism industry has changed dramatically. With competitors raising their budgets and becoming increasingly competitive for visitor dollars, it is increasingly important to maintain a competitive position. Other destinations within the west coast competitive set including Portland, San Jose, Reno, Long Beach, Spokane, and Albuquerque have significant competitive advantages. As such, it is necessary for Sacramento lodging businesses to invest in stable, lodging-specific capital improvements programs designed to improve the competitiveness of the destination and provide a return on investment (ROI).

¹ Lodging Businesses include Hotels/Motels and Vacation Rentals.

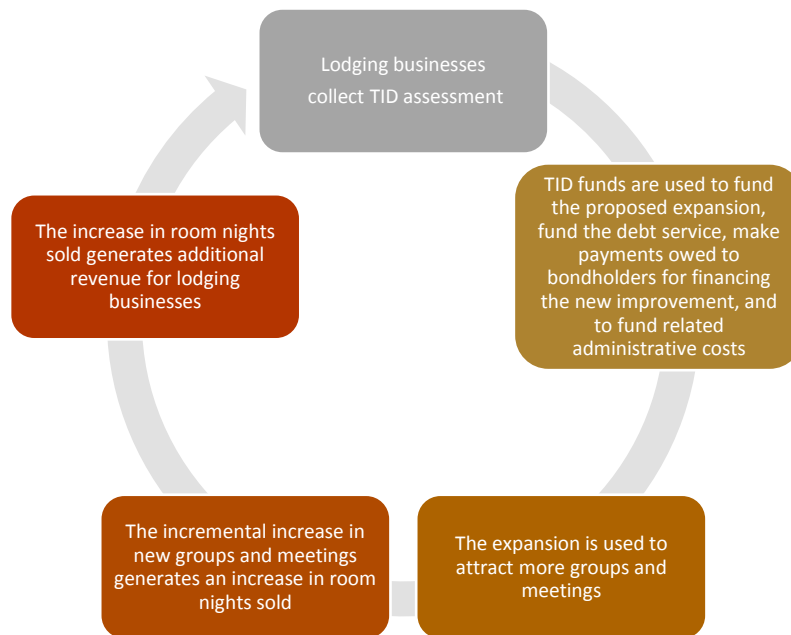
A failure to respond appropriately to the competitive dynamics of the industry will further weaken Sacramento lodging businesses.

The Project

The collected assessment funds will be spent to provide specific benefits directly to assessed lodging businesses. The STID is designed to generate an initial annual budget of \$3,141,588 during its first full year of operation. The focus of the capital improvements program is to fund a portion of the planned renovation and expansion to the Sacramento Convention Center Complex, specifically the construction of a ballroom in the Convention Center, designed to increase the competitiveness of the destination as a group and meeting market and event destination causing an increase in room night sales and directly benefitting the assessed lodging businesses.

The proposed ballroom will be funded by bonds issued by the City of Sacramento or Joint Powers Authority (JPA) of which the City of Sacramento is a member and will be built by the City of Sacramento or the JPA. The capital improvements and debt service budget will be used to make payments owed to bondholders.

The flow of activity is illustrated in the chart below.



The Projected Benefit

The proposed STID is designed to provide specific benefits directly to assessed lodging businesses and is intended only to provide benefits directly to those businesses paying the assessment. These benefits are tailored not to accrue to the general public, businesses in general, or parcels of land, but rather to serve the specific lodging businesses within the STID.

The proposed STID funds are designed to be specifically targeted to increase room night sales for assessed lodging businesses within the boundaries of the STID. The collected assessment funds will not be used to feature non-assessed lodging businesses in STID programs or to directly generate sales for non-assessed businesses. The activities paid for from assessment revenues are capital improvements to the Convention

Center ballroom. The planned capital improvements will increase the appeal of Sacramento as a convention destination and provide the specific benefit of increased room night sales directly to assessed lodging business.

Sources of Information

Sources of information for this report include the following:

1. Visit Sacramento Compression Study (Confidential)
2. Bay Area Council Economic Institute: Expansion Analysis Update & Initial Findings
3. New Groups, Incremental Room Nights, & Convention Center Occupancy after Expansion Report
4. Interviews with Visit Sacramento personnel

Summary

Key stakeholders in the greater Sacramento market have determined that in an effort for the destination to keep pace and be as competitive as possible with other group meeting destinations, the Sacramento Convention Center needs to be expanded. As part of that expansion, the lodging industry is petitioning the City to construct an additional ballroom financed through the proposed STID that will enable the destination to attract more groups and provide more flexibility in booking the facility thereby increasing room night sales.

It is important to identify to how those STID contributions will directly benefit lodging businesses and identify the potential for incidental benefits to non-assessed businesses. To that end, we have developed this report with the following findings.

The Convention Center is used for conventions, meetings, conferences, and other events (groups). Previously collected reports identify that the combination of the Convention Center Complex renovation and expansion and the addition of the ballroom in the Convention Center could generate 44 new groups and allow 12 existing groups to expand into more space while the addition of the ballroom will allow Visit Sacramento to “Double Stack” groups to make improved utilization of the facility. Eighteen new groups have been identified that could be attracted due to the addition of the ballroom.

The findings are as follows:

Benefit Analysis

- The projection of the Convention Center Complex renovation and expansion identified 44 new groups and 12 existing groups to expand into more space. Given these changes, it is anticipated that incremental assessed lodging business revenue will increase approximately \$38,953,650 as a result of the entire Convention Center Complex project.
- The number of groups that can be double stacked as a result of the additional ballroom, which is estimated to be 18, is projected to generate approximately \$12,520,500 in lodging revenue to assessed lodging businesses. The approximate \$12,520,500 in incremental lodging revenue as a result of the additional ballroom is a direct to assessed lodging businesses.
- As a result of this investment and depending on the analysis, assessed lodging businesses’ Revenue Per Available Room (RevPAR) is projected to increase in the range of 7-15% as a result of double stacked groups in the additional ballroom.

Benefit Distribution

- Currently, Convention Center booking occurs primarily through Visit Sacramento and their “block” of hotel rooms. Visit Sacramento’s booking practices will ensure that those bookings go only to lodging businesses that are paying the proposed STID assessment.
- Results of this study show that benefit across the lodging businesses in the STID is relatively flat. Accordingly, the best methodology to levy the annual assessment is to do so based on a uniform flat levy, such as the proposed annual assessment rate of 1% of gross short-term room rental revenue for all assessed lodging businesses.

Incidental Benefits to Non-Assessed Lodging Businesses

- Given that patrons and groups can book lodging rooms directly through the Convention Center or with lodging businesses that are outside the boundaries of the STID, there is potential for spill-over benefit to lodging businesses that are not being assessed.
- It is estimated that 6.6% of the room nights generated by the STID improvements would accrue to lodging businesses not paying the assessment, which is considered an incidental and indirect benefit of the provision of the improvements, because it is a very small percentage of the overall number of room nights and it is spread out over a large number of hotel rooms.
- These incidental benefits will be provided without cost to the lodging businesses paying the assessment as a consequence of providing the specific benefit to those lodging businesses.

Incidental Benefits to Businesses Other than Lodging Businesses

- It is estimated that most dollars spent at businesses, particularly F&B business, in connection with the ballroom expansion will be spent on lodging businesses given that food is provided by the Convention Center ballroom catering facilities.
- However, patrons and groups attending functions and the Convention Center ballroom may utilize other businesses, including F&B businesses, as a result of STID improvements. Accordingly, we have attempted to quantify these spillover effects.
- It is estimated that businesses not paying the STID assessment (in particular F&B businesses outside the Convention Center), will account for approximately 8.9% of total new visitor spending that includes lodging, Convention Center food and beverage spending, and incidental F&B spending as a result of the ballroom improvements, which is considered an incidental and indirect benefits of the provision of the improvements because it's a small percentage of the overall spending and it is spread out over a large number of F&B businesses.
- These incidental benefits will be provided without cost to the lodging businesses paying the assessment as a consequence of providing the specific benefits to those lodging businesses.

Part 1: Visit Sacramento Expansion Benefit Analysis

Overview

In understanding the benefit of the Convention Center Complex renovation and expansion and the additional ballroom in the Convention Center, it is important to understand the impact the project will have on the greater Sacramento lodging industry. A recent Compression Study conducted by Smith Travel Research identified the effect of the expansion and the compression of demand for a room that could occur given different demand levels.

In that report, the Greater Sacramento area was divided into seven different zones. Zone 5 includes lodging businesses furthest away from the Convention Center which would see the least benefit. The six zones closest to the Convention Center were included in the STID boundaries and in this analysis. This following table illustrates the number of rooms in each zone excluding Zone 5 which will not be included in the proposed STID.

Table 1: Average Lodging Data by Zone (Includes Group and FIT)

Location	# Rooms	Occ	ADR	Days	Total Revenue	Pct of Total
CC Core	1,439	78.4%	\$168.0	365	\$69,179,752	25.4%
CC Expanded	827	77.0%	\$147.0	365	\$34,166,967	12.5%
Zone 1	1,094	65.3%	\$84.0	365	\$21,902,952	8.0%
Zone 2	1,825	73.3%	\$114.0	365	\$55,662,737	20.4%
Zone 3	1,608	79.0%	\$120.0	365	\$55,640,016	20.4%
Zone 4	1,414	72.1%	\$96.0	365	\$35,723,070	13.1%
Total	8,207	74.2%	\$121.50		\$272,275,495	100.0%

Source: Sacramento Compression Study

Notes:

- (i) 8,207 rooms at an annualized occupancy of 74.2% and ADR of \$121.50 yields Approximately \$272.2M in total room revenue

Incremental Analysis

This incremental analysis indicates that the proposed ballroom improvements will increase the number of groups booked, the number of room nights, and total lodging business revenue. See Table 2 on the following page.

Table 2: Incremental Impact of the Convention Center Complex Renovation and Expansion (Group Only Business)

1) New Groups		44
2) Expansion of current groups into more space		12
Total Incremental Number of Groups		56
Annual Room Nights Generated		
New Convention Center Group Rooms added annually, in the contracted room blocks		196,732
Rooms outside the Contracted Group Block		62,959
Total Incremental Rooms from Expansion		259,691
Average New Room Nights Generated per group after expansion		4,637.34
Group ADR Current		\$ 150
Total Annual Incremental Revenue @ Stabilization		\$ 38,953,650

Source: New Groups, Incremental Room Nights, & Convention Center Occupancy after Expansion Report

Notes:

- (i) The projection of the entire Convention Center Complex renovation and expansion project identified 44 new groups with 12 existing groups to expand into more space. Given these changes, it is anticipated that incremental lodging business revenue will increase approximately \$38,953,650.
- (ii) There will be rooms booked that are outside the contracted room block of Visit Sacramento but still paying into the STID.

It should be noted that this increase includes the impact of the renovation and expansion of the entire Convention Center Complex (including the additional ballroom). It is important to note the addition of the ballroom can impact demand in two ways:

1. The availability of the ballroom provides increased room nights from groups that would previously not come because the existing ballroom infrastructure needs could not be met.
2. It provides increased room nights from multiple groups at one time given Visit Sacramento can “Double Stack” events, thus increasing overall demand for the Convention Center.

It is not known how many groups could be attracted just because the facility now has an additional ballroom, but it is believed the renovation and expansion of the Convention Center Complex and the addition of the ballroom will generate an estimated annual incremental lodging business revenue of \$38,953,650. What has been identified is the number of groups that can be double stacked which is estimated to be 18. Based on that estimate it is projected that annual incremental lodging business revenue resulting from double stacked groups in the additional ballroom will be approximately \$12,520,500 of the total \$38,953,650 incremental lodging business revenue.

Table 3: Estimated Incremental Impact of Double Stacking Bookings

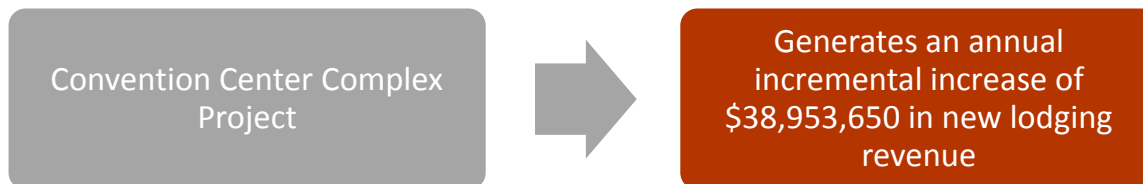
New Groups	18
Total Incremental Room Nights	83,470
Group ADR	\$150
Projected Revenue	\$12,520,500

Source: New Groups, Incremental Room Nights, & Convention Center Occupancy after Expansion Report

Benefit Allocation

What this analysis illustrates is that the entire Convention Center Complex renovation and expansion (including the ballroom) should yield an annual incremental increase of \$38,953,650 in lodging revenue.

(A). Convention Center Complex Renovation and Expansion Project (Including Additional Ballroom)



(B). Impact of Additional Ballroom Enabling “Double Stacked” Bookings



According to the Sacramento Compression Study, Visit Sacramento currently generates an average of 771 rooms per day. The Convention Center Complex renovation and expansion would generate approximately 259,691 room nights annually or an average of 711 room nights per day. The combined projected total room nights generated by Visit Sacramento would be 1,482 room nights (711+771).

According to the Sacramento Compression Study, when Visit Sacramento places 1,400 rooms per day the RevPAR² increase is between 9% and 13% through all zones.

Table 4: Market Zone RevPAR from Baseline by Room Placements (1,400-1,699) Rooms Placed Nightly

Daily Placed Rooms	Overall Market	Convention Ctr. Core	Convention Center Expanded	Zone 1	Zone 2	Zone 3	Zone 4
1,400-1,699	11%	13%	11%	12%	10%	9%	9%

Source: Sacramento Compression Study

The analysis indicates the assessed STID lodging businesses are projected to see a direct benefit from the Convention Center Complex project (including the additional ballroom) given an increase in room night sales.

In considering just those “Double Stacked” bookings as a result of the ballroom, it is estimated it would generate an average of 228 rooms per night (83,470/365). Those rooms in addition to the current 711 average room per night equals 939 rooms. According to the Visit Sacramento Compression Study, when Visit Sacramento places 939 rooms per day the RevPAR increase is between 7% and 15% through all zones.

Table 5: Market Zone RevPAR from Baseline by Room Placements (900-1,099) Rooms Placed Nightly

Daily Placed Rooms	Overall Market	Convention Ctr. Core	Convention Center Expanded	Zone 1	Zone 2	Zone 3	Zone 4
900-1,099	10%	14%	15%	13%	7%	9%	12%

Source: Sacramento Compression Study

As can be seen, the synergy of the Convention Center Complex renovation and expansion project and the ballroom addition are powerful infrastructure additions that work together to attract groups and meetings that would not have booked otherwise as well as provide the flexibility in attracting multiple groups at the same time. These additions provide the lodging industry with a significant benefit for the dollars invested.

² RevPAR is calculated by dividing a hotel guestroom revenue by the room count and the number of days in the period being measured.

Part 2: STID Benefit Distribution

One of the key issues is making sure that the benefits of the proposed STID are distributed to those lodging businesses paying the STID assessment. In the case of the ballroom addition which will be funded by STID assessments, the ballroom addition is projected to generate an incremental increase of 18 double stacked groups and approximately 83,470 incremental room nights annually (\$12,520,500 projected lodging business revenue / \$150 Group ADR)³.

Results of the Visit Sacramento Compression Study show that benefit across the lodging business in the STID is relatively flat. Accordingly, the best methodology to levy the annual assessment is to do so on a flat uniform levy, such as the proposed annual assessment rate of 1% of gross short-term room rental revenues for all assessed lodging businesses.

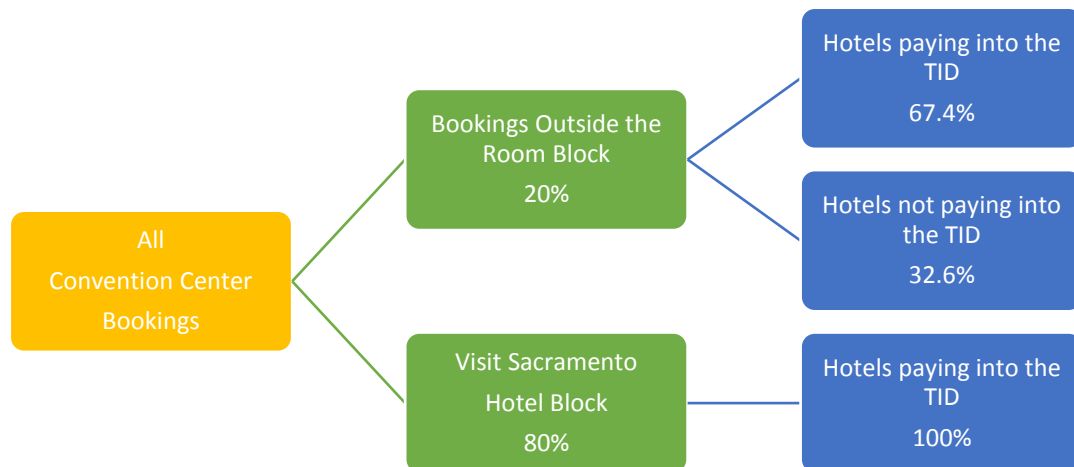
³ New Groups, Incremental Room Nights, & Convention Center Occupancy after Expansion Report

Part 3: Incidental Benefits to Other Lodging Businesses

Currently, Convention Center booking occurs primarily through Visit Sacramento and their “block” of hotel rooms which ensure that those bookings go only to assessed lodging businesses.

It should be noted that potential groups can also book directly through the Convention Center in which case it is estimated that the lodging bookings associated with those groups will also go to assessed lodging businesses. However, there is potential for leakage to non-assessed lodging businesses. Industry averages suggest that those booking outside the Visit Sacramento room block and directly with the Convention Center are approximately 20% of the total. Based on a review of the geography and type of lodging product that is available and based on the compression study it is estimated that approximately 6.6% or less of group business will book in lodging properties outside the boundary of the TID which is considered an indirect and incidental benefit because it is a very small percentage of the overall total and it is spread over a large number of hotel rooms. The approximate 6.6% or less of bookings that are estimated to occur at non-assessed lodging businesses are spread across approximately 4,000 rooms in the areas of Elk Grove, Rancho Cordova, Citrus Heights, Folsom, Walnut Grove, Isleton, Wilton, Gold River, and unincorporated areas of Sacramento County not included in the STID boundary.

Figure 1: Convention Center Booking Channels



The goal of Visit Sacramento is to maximize the revenue for assessed lodging businesses by controlling the distribution of hotel room demand and directing that demand to assessed lodging businesses. Given Visit Sacramento’s marketing and sales efforts as well as the services offered to groups looking to book in Sacramento as a destination, it is anticipated that Visit Sacramento will increase the number rooms booked into assessed lodging businesses and the ratio of rooms booked in the block to those outside the block will increase.

To monitor these efforts, it is recommended Visit Sacramento provide an annual report that identifies its room block bookings. Included in this report will be the following:

- Group bookings annualized
- Number of rooms booked within the hotel block
- Number of hotel rooms booked by Visit Sacramento outside the block (city-wide event)

Part 4: Incidental Benefits to Food and Beverage (F&B) Businesses

Specific data is not available to perfectly quantify the size of potential spill-over benefit that may occur from meeting attendees to the additional ballroom. Given the unavailability of specific data the following assumptions were considered:

1. It is understood that many groups have a variety of food and beverage functions within the Convention Center as part of their group or meeting functions.
2. It is also understood that these visitors do enjoy food and beverage in local restaurants while visiting the destination. All of these elements combined (Convention Center, ballroom, local restaurants, etc.) work together to make the destination more competitive.

Scenario Estimate: 33% of F&B spending occurs outside the Convention Center

According to data supplied by Visit Sacramento in 2017, the Convention Center generated the following⁴:

- Convention Center F&B Revenue = \$4,032,737
- Lodging Revenue = \$16,210,493
- Total Revenue = \$20,243,230 (\$4,032,737 + \$16,210,493)
- Convention Center F&B Revenue is **19.9%** of Total Revenue (\$4,032,737/\$20,243,230)

It is anticipated that the Convention Center Complex expansion and renovation would generate \$53,397,863 in new business revenue annually⁵ (\$38,953,650 new lodging business revenue + \$9,677,623 Convention Center F&B revenue + \$4,766,590 F&B revenue outside of the Convention Center). Note: Food and beverage revenue generated in the convention center as a result of the convention center expansions are a benefit generated by public sector investment for a public facility.

- Based on this analysis, it is estimated that annual new business revenue to lodging businesses and Convention Center F&B is projected to be \$48,631,273 (\$38,953,650 new lodging business revenue + \$9,677,623 Convention Center F&B revenue). New lodging business revenue represents 80.1% and Convention Center F&B represents 19.9% of new lodging business and Convention Center F&B revenue.
- It is assumed that groups booked into the Convention Center have between 1 and 3 of their daily meal functions within the center as part of the group meeting, we assume a mid-range of 2 out of 3 meal functions are held within the Convention Center in some combination of breakfast, lunch or dinner. The estimated \$9,677,623 of new F&B revenue within the Convention Center represents 67% of the total estimated amount spent by meeting/convention-goers on F&B.⁶
- If we assume that meeting/convention-goers will spend money outside the Convention Center for the rest of their meals representing approximately 33% of their total F&B expenditures, it would equal \$4,766,590 in annual new revenue to F&B outside the Convention Center.

Total:

⁴ Visit Sacramento Data Source

⁵ New Groups, Incremental Room Nights, & Convention Center Occupancy after Expansion Report

\$38,953,650 (Projected annual new lodging business revenue)
 \$9,677,623 (Projected annual new Convention Center F&B revenue. Calculated at 19.9% of total Convention Center F&B revenue and lodging revenue)
\$4,766,590 (Projected annual new F&B revenue outside the Convention Center. Calculated at 33% of Total F&B Revenue))
\$53,397,863 Total Annual New Business Revenue
Based on this total the \$4,766,590 of F&B revenue is 8.9% of total annual new business revenue.

Table 6: Summary Estimates of F&B Revenue

	Scenario
% F&B Spent in CC	67%
% F&B Spent Outside CC	33%
Projected Lodging Revenue	\$38,953,650
Projected F&B Revenue	\$14,444,213
Projected F&B in CC	\$9,677,623
Projected F&B Revenue Spent Outside of CC	\$4,766,590
Total Revenue	\$53,397,863
Outside F& B Revenue as % of Total Revenue	8.9%

Using this methodology adapted to the projected new annual business revenue that would be generated by just those groups that would be booked as a result of “stacked booking” the results can be found in Table 7 below:

Table 7: Summary Estimates of F&B Revenue as a Result of the Ballroom Addition

	Scenario
% F&B Spent in CC	67%
% F&B Spent Outside CC	33%
Projected Lodging Revenue	\$12,520,500
Projected F&B Revenue	\$4,642,662
Projected F&B in CC	\$3,110,586
Projected F&B Revenue Spent Outside of CC	\$1,532,076
Total Revenue	\$17,163,162
Total F&B Revenue as % of Total Revenue	8.9%

Based on this total the \$1,532,076 of outside F&B expense is 8.9% of total annual new business revenue generated associated with “stacked booking.”

In conclusion, it is estimated that businesses not paying the STID assessment (in particular F&B businesses outside the Convention Center), will see spending that is approximately 8.9% of total new business revenue as a result of the additional ballroom. Given the large number of restaurants, bars, and cafes in the area (approximately 1,500), the estimated benefit to each F&B business is incidental. This study did not analyze potential spill-over benefit to other non-assessed businesses due to the unavailability of data specific to visitor spending at other types of businesses, and the assumption that most visitor expenditures relate to food and lodging.