



DOWNTOWN RICHMOND PROPERTY AND BUSINESS IMPROVEMENT DISTRICT MANAGEMENT DISTRICT PLAN AND ENGINEER'S REPORT

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I. OVERVIEW

Developed by a growing coalition of property owners, Downtown Richmond Property and Business Improvement District (DRPBID) is a benefit assessment district whose purpose is to provide improvements, maintenance and activities that constitute and convey a special benefit to assessed parcels. As required by state law, property owners have created this Management District Plan (Plan) to renew the DRPBID. This approach has been used successfully in other cities throughout the country to provide special benefits to property owners, namely increased sales, attraction of new tenants, increased occupancies, and specifically increased property values. As required by state law, property owners have created this Management District Plan (Plan) to renew the DRPBID.

Location: The DRPBID generally includes parcels along portions of Macdonald Avenue from 6th Street (in the west) to the BART tracks (in the east); portions of 8th Street and Harbour Way from Barrett Avenue (in the north) to Bissell Avenue (in the south); portions of Marina Way from Nevin Avenue (in the north) to Bissell Avenue (in the south); and portions of 16th Street from Macdonald Avenue (in the north) to Bissell Avenue (in the south), as shown on the map in Section IV.

Purpose: The purpose of the DRPBID is to provide improvements, maintenance, and activities, which constitute and convey a special benefit to assessed parcels. The DRPBID will provide Maintenance, Safety and Nuisance Abatement; Marketing, Promotions and Business Development; Capital Improvements; and related administration directly and only to assessed parcels within its boundaries.

Budget: The DRPBID annual assessment budget for the initial year of its seven (7) year operation is anticipated to be \$239,990.60. The annual budget may be subject to an increase in assessment rates of no more than three percent (3%) per year. The assessment funds shall be supplemented by non-assessment funds (such as grants and event income), so that the total budget for the initial year is estimated at \$255,098.26.

Cost: The assessment rate (cost to the parcel owner) is based on parcel square footage. The initial annual rate to each parcel is shown in the table below. Over the seven (7) year term of the DRPBID, the assessment rate may be subject to annual increases that shall not exceed three percent (3%) per year. Increases shall be determined by the Owners' Association Board of Directors and may vary each year.

Parcel type	Assessment rate (per square foot)
Commercial	\$0.15
Non-profit Housing	\$0.08

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

Duration: The renewed DRPBID will have a seven (7) year life beginning January 1, 2023 to December 31, 2029. After the seven (7) year term, the DRPBID may be renewed again for up to ten (10) years if property owners support continuing the programs.

Management: Richmond Main Street Initiative (RMSI) shall continue to serve as the Owners' Association to provide improvements, maintenance, and activities for the DRPBID. The City of Richmond will enter into a contract with RMSI regarding the provision of improvements and services for the DRPBID. RMSI must provide an annual report on improvements, maintenance, and activities and expenditures to the City, which is also available to property owners.

II. BACKGROUND

The International Downtown Association estimates that more than 1,500 Property and Business Improvement Districts (PBIDs) currently operate throughout the United States and Canada. PBIDs are a time-tested tool for property owners who wish to come together and obtain collective services which benefit their properties.

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

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

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

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

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

The “Property and Business Improvement Business District Law of 1994” is provided in Appendix 2 of this document.

III. ACCOMPLISHMENTS

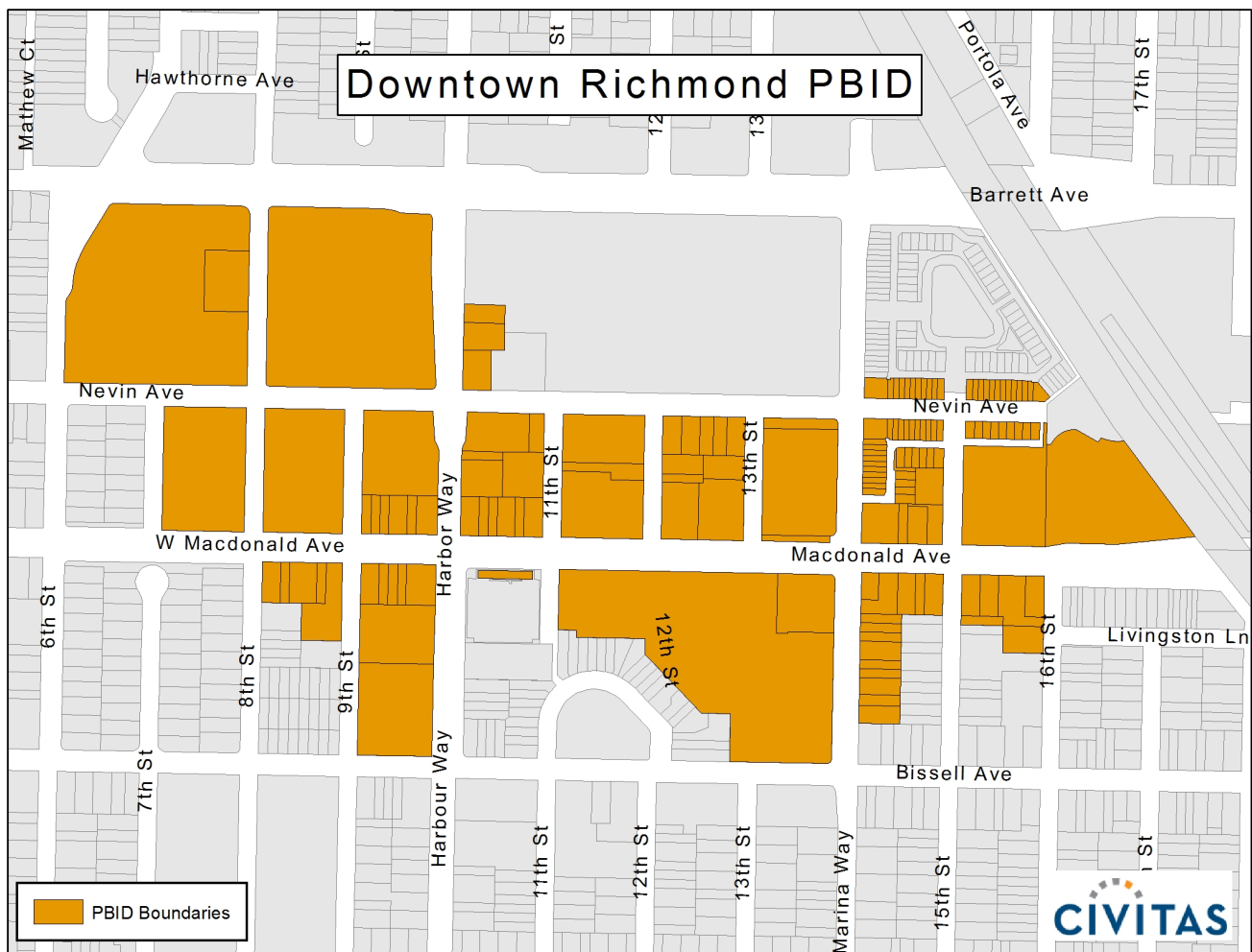
From 2017 to 2020, RMSI accomplished significant efforts within the DRPBID, helping to establish long-term sustainability. Accomplishments are as follows:

- Assisted Safety 1st in managing community liaisons:
 - 10,694 hospitality and maintenance service hours
 - 1,554 bags of trash and debris removed
 - 181 cases of graffiti abatement
 - 84 visitor and homeless “touches”;
- Served as a leading partner in the design and unveiling of the Downtown Richmond Business Hub resulting in 3 new businesses.
- Provided 518 hours of business assistance:
 - 19 workshops, total attendance 226;
- Initiated and maintained a comprehensive “Community Resource Directory” providing access to current pandemic-related health orders, safety guidelines, employer obligations, and relief programs;
- Instituted a new E-commerce program in partnership with Square and Renaissance Entrepreneurship Center resulting in:
 - 115 hours of one-on-one technical assistance including advising on business licensing, permitting, COVID-19 relief
 - Letters of recommendation and business equipment to 92 current and prospective businesses;
- Unveiled the “Heart of Richmond” series, a robust multi-media digital storytelling and social media advertising campaign:
 - Showcased 12 diverse business owners, resulting in two businesses being featured in the July 2020 cover story of East Bay Express;
- Partnered with Travis Credit Union to launch “Protecting Lives & Livelihoods” campaign in response to the COVID-19 pandemic featuring 4 Downtown vendors and benefitting 17 local businesses:
 - 140 Masks distributed,
 - 55 Face shields distributed,
 - 130 Hand Sanitizers;
- Provided COVID-19 Response, Meal Giveaway Program:
 - Contributed 1876 hours of volunteer services and 82,500 meals to Richmond residents;
- Hired 2 Richmond residents as Census 2020 phone bankers to encourage households to complete the census survey and ensure a complete count of our historically undercounted neighborhoods; and
- Promoted and prominently featured 20 Downtown businesses in our Shop Local Safely for Small Business Saturday.

IV. BOUNDARIES

The DRPBID generally includes parcels along portions of Macdonald Avenue from 6th Street (in the west) to the BART tracks (in the east); portions of 8th Street and Harbour Way from Barrett Avenue (in the north) to Bissell Avenue (in the south); portions of Marina Way from Nevin Avenue (in the north) to Bissell Avenue (in the south); and portions of 16th Street from Macdonald Avenue (in the north) to Bissell Avenue (in the south).

The DRPBID includes approximately 81 parcels with 34 parcel owners. The DRPBID boundary is illustrated by the map below. This plan, including a copy of this map is on file with the Richmond City Clerk. A larger map is available on request by calling (916)437-4300 or (800)999-7781.



V. SERVICE PLAN & BUDGET

A. Establishment

Property and business owners in Downtown Richmond have been concerned about the need for coordinated supplemental services in the area for several years. City services and efforts in the area have been welcomed, but limited resources have not allowed for a more comprehensive approach to managing the commercial area.

A service plan to provide special benefits to assessed properties was developed using several methods. A series of property owner meetings and an analysis of current property conditions were conducted. The primary needs identified were: Maintenance, Safety and Nuisance Abatement; Marketing, Promotions and Business Development; and Capital Improvements. To meet those needs, the DRPBID shall provide related improvements, maintenance and activities to assessed parcels within its boundaries.

B. Improvements, Maintenance and Activities

The DRPBID will provide supplemental improvements, maintenance and activities that are above and beyond those provided by the City and other government agencies. None of the services to be provided by the DRPBID are provided by the City or other government agencies. The improvements and activities will be provided directly and only to assessed parcels; they will not be provided to parcels that are not assessed. Each and every service is unique to the DRPBID, thus the benefits provided are particular and distinct to each assessed parcel.

1. Maintenance, Safety, and Nuisance Abatement

The maintenance program will make Downtown Richmond cleaner, more accessible, and more attractive to potential tenants and customers. Maintenance services may include litter and graffiti removal, sidewalk pressure washing, weed abatement, median maintenance, and communicating code violations by absentee property owners to the City. Safety services will focus on making Downtown Richmond a safer place to do business. Safety services may include security patrols, coordination with the police department and private security agencies operating within the DRPBID, space management improvements to encourage safety on assessed parcels, and dissemination of safety information to property owners and tenants. Nuisance abatement services will be deployed throughout the DRPBID to increase the usability of assessed parcels and address issues that discourage property owners, tenants, and customers from visiting assessed parcels within the DRPBID. Nuisance abatement services may include: an ambassador to provide additional services to mitigate the negative impacts of homeless individuals on assessed properties; establishment and maintenance of a radio network to ensure quick response times to incidents; working with property owners and local agencies to address blighted areas; and enhanced lighting and linkages to decrease that likelihood of nuisance activities from occurring.

2. Marketing, Promotions, and Business Development

The DRPBID will have a unified marketing and promotions program that will collaborate with DRPBID businesses to market and promote the DRPBID to the public as a single destination with a rich collection of attractions, businesses, events and services. The marketing and promotions program may include the use of pole banners, wayfinding signage, visitor guides, press releases, e-newsletters, e-calendars, a DRPBID website, marketing research, special events,

and other similar projects to increase visitation and commerce on assessed parcels. Business development programs will seek to attract and retain tenants for the assessed parcels. The business development program may include retail and business recruitment activities to encourage businesses to locate on assessed parcels; market research and maintenance of a business databases; advocacy for business-friendly policies on behalf of assessed parcels; providing staff who will serve as a liaison between property owners, brokers, tenants, businesses, and government agencies to facilitate growth and retail development on assessed parcels; and creating an active evening and weekend environment to increase commerce on assessed parcels.

3. Capital Improvements

The capital improvements program will use a multi-faceted approach to planning, design and management of public spaces in the DRPBID. DRPBID funds will be leveraged to create a unique sense of place. Capital improvements may include wayfinding signage/banners, seasonal banners and lighting, trash receptacles, and other public space improvements.

4. Administration

The administration portion of the budget will be utilized for administrative costs associated with providing the services. Those costs may include rent, telephone charges, legal fees, accounting fees, postage, administrative staff, insurance, and other general office expenses.

5. Contingency/Reserve

The budget includes a contingency line item to account for unanticipated program costs and uncollected assessments, if any. If there are contingency funds collected, they may be held in a reserve fund or utilized for other program, administration or renewal costs at the discretion of RMSI. Reserve funds may be used for program costs in any proportion deemed appropriate by RMSI. Policies relating to contributions to the reserve fund, the target amount of the reserve fund, and expenditure of money from the reserve fund shall be set by RMSI.

6. Collection Fees

The budget includes a collection fees line item to account for City and County administrative fees for levying, collecting, forwarding the assessment to the Owners' Association and accounting.

C. Annual Assessment Budget

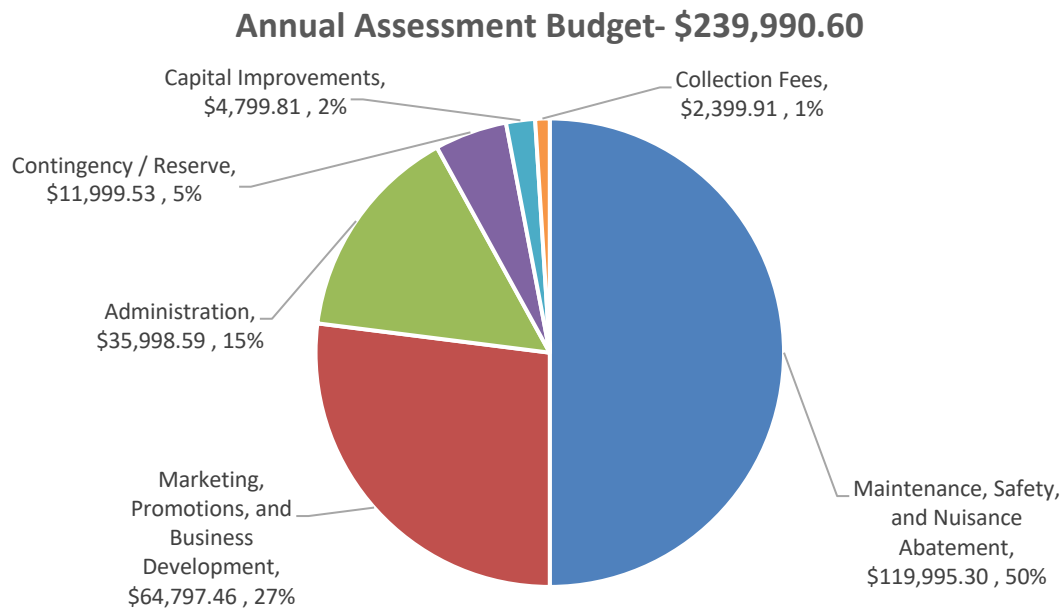
A projected seven (7) year budget for the DRPBID is provided below. The overall assessment budget shall remain consistent with this Plan. In the event of a legal challenge, assessment funds may be used to defend the DRPBID. The annual assessment budget is based on the following assumptions and guidelines:

1. The cost of providing improvements, maintenance and activities may vary depending upon the market cost for those improvements, maintenance and activities. Expenditures may require adjustment up or down to continue the intended level of improvements, maintenance and activities. RSMI and their board shall have the authority to adjust budget allocations between the categories by no more than fifteen percent (15%) of the total budget per year. Any change will be approved by the RSMI and submitted with the Annual Report.
2. Funds not spent in any given year may be rolled over to the next year.

3. The assessment rate may be subject to annual increases that will not exceed three percent per year. Increases shall be determined by RMSI and will vary each year.
4. Each budget category includes all costs related to providing that improvements, maintenance and activities. For example, the maintenance budget includes the cost of staff time dedicated to overseeing and implementing the maintenance program. Staff time dedicated purely to administrative tasks is allocated to the administration portion of the budget. The staffing levels necessary to provide the services below shall be determined by RMSI on an as-needed basis.

D. Service Budget

The total improvement, maintenance and activity budget for 2022 that is funded by property assessments is \$239,990.60. In addition to the assessment revenue, the programs will be supplemented by non-assessment funds. The total of non-assessment and assessment funds, and the determination of special and general benefits, are included in the Engineer's Report. Following is a table of the estimated total assessment budget allocations for each category for the initial year of operations.



E. Annual Maximum Assessment Budget

The budget below assumes the maximum annual increase of three percent (3%) is enacted and that there are no changes to the categorical budget allocations.

Year	Maintenance, Safety and Nuisance Abatement	Marketing, Promotions and Business Development	Administration	Contingency/ Reserve	Capital Improvements	Collection Fees	Total
2023	\$119,995.30	\$64,797.46	\$35,998.59	\$11,999.53	\$4,799.81	\$2,399.91	\$239,990.60
2024	\$123,595.16	\$66,741.39	\$37,078.55	\$12,359.52	\$4,943.81	\$2,471.90	\$247,190.32
2025	\$127,303.01	\$68,743.63	\$38,190.90	\$12,730.30	\$5,092.12	\$2,546.06	\$254,606.03
2026	\$131,122.10	\$70,805.94	\$39,336.63	\$13,112.21	\$5,244.88	\$2,622.44	\$262,244.21

2027	\$135,055.77	\$72,930.11	\$40,516.73	\$13,505.58	\$5,402.23	\$2,701.12	\$270,111.53
2028	\$139,107.44	\$75,118.02	\$41,732.23	\$13,910.74	\$5,564.30	\$2,782.15	\$278,214.88
2029	\$143,280.66	\$77,371.56	\$42,984.20	\$14,328.07	\$5,731.23	\$2,865.61	\$286,561.33
Total	\$919,459.45	\$496,508.10	\$275,837.83	\$91,945.94	\$36,778.38	\$18,389.19	\$1,838,918.90

VI. ASSESSMENT RATE

A. Assessment Formula

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

Parcel type	Assessment rate (per square foot)
Commercial	\$0.15
Non-profit Housing	\$0.08

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

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

C. Assessment Notice

During the hearing process, an Assessment Ballot will be sent to owners of each parcel in the DRPBID. The Assessment Ballot provides an estimated assessment. The final individual assessment for any particular parcel may change, up or down, if the parcel square footage or type differ from those used to calculate the amount shown on the notice, which can be found in Appendix 4.

D. Time and Manner for Collecting Assessments

As provided by State Law, the DRPBID assessment will appear as a separate line item on annual property tax bills prepared by the County of Contra Costa. Alternatively, the DRPBID assessment may be collected by the City of Richmond if needed. Property tax bills are generally distributed in the fall, and payment is expected by lump sum or installment. The County of Contra Costa and City of Richmond shall distribute funds collected to RMSI. Existing laws for enforcement and appeal of property taxes, including penalties and interest, apply to the DRPBID assessments.

E. Bonds

Bonds shall not be issued.

VII. GOVERNANCE

A. Owners' Association

The **DRPBID** shall continue to be governed by Richmond Main Street Initiative (RMSI), with oversight from the Richmond City Council. RMSI shall serve as the Owners' Association described in Streets and Highways Code §36651. The Board of Directors of RMSI and its staff are charged with the day-to-day operations of the DRPBID.

A majority of the Board of Directors of RMSI must be parcel owners paying the assessment. In addition, the Board of Directors must represent a variety of interests within the DRPBID and respond to the needs of all properties within the DRPBID.

The Board of Directors shall act in the best interests of all the properties within the DRPBID. The City Council or Board of Directors reserves the right to amend or modify the composition of the Board by a separate resolution without amending this Management District Plan.

B. Brown Act & Public Records Act Compliance

An Owners' Association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose. The Owners' Association is, however, subject to government regulations relating to transparency, namely the Ralph M. Brown Act and the California Public Records Act. These regulations are designed to promote public accountability. The Owners' Association must act as a legislative body under the Ralph M. Brown Act (Government Code §54950 et seq.). Thus, meetings of RMSI Board of Directors and certain committees must be held in compliance with the public notice and other requirements of the Brown Act. The Owners' Association is also subject to the record keeping and disclosure requirements of the California Public Records Act.

C. Annual Report

RMSI 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 2). The annual report is a prospective report for the upcoming year and must include:

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

VIII. ENGINEER'S REPORT

The DRPBID's parcel assessments will be imposed in accordance with the provisions of Article XIII D of the California Constitution. Article XIII D provides that "only special benefits are assessable,"¹ and requires the City to "separate the general benefits from the special benefits conferred on a parcel."² Special benefits are a "particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public-at-large."³ Conversely, a general benefit is "conferred on real property located in the district or to the public-at-large."⁴ Assessment law also mandates that "no assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."⁵

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

A. Separation of General and Special Benefits

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

1. General Benefits

Unlike special benefits, which are conferred directly and only upon assessed parcels, a general benefit is conferred on the general public or non-assessed parcels. Existing City and other public services, which are provided to every person and parcel, everywhere within the City, are an example of a general benefit. Although the DRPBID's boundaries have been narrowly drawn, programs have been carefully designed to provide special benefits, and activities and improvements will only be provided directly to assessed parcels, it is acknowledged that there will be general benefits as a result of the DRPBID's activities and improvements.

The California Constitution mandates that "only special benefits are assessable, and an agency shall separate the general benefits from the special benefits."⁶ "Generally, this separation and quantification of general and special benefits must be accomplished by apportioning the cost of a service or improvement between the two and assessing property owners only for the portion of the cost representing special benefits."⁷ The first step that must be undertaken to separate general and special benefits provided by the DRPBID's activities and improvements is to identify and quantify the general

¹ Cal. Const., art. XIII D, §4(a)

² Cal. Const., art. XIII D, §4(a)

³ Id., §2(i)

⁴ Cal. Const., art. XIII D §2(i)

⁵ Cal. Const., art. XIII D, §4(a)

⁶ Cal. Const., art. XIII D §4(a)

⁷ *Golden Hill Neighborhood Association v. City of San Diego* (2011) 199 Cal.App.4th 416

benefits. There are two bodies who can receive general benefits: the public-at-large within the DRPBID, and non-assessed parcels within and surrounding the DRPBID.

a. General Benefit to the Public-at-Large

Although the activities and improvements are narrowly designed and carefully implemented to specially benefit the assessed parcels, and only provided directly to assessed parcels, they will generate a general benefit to the public-at-large within the DRPBID. State law indicates that “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.”⁸ However, “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.”⁹ Further, “the value of any incidental 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.”¹⁰ Thus, although there may be some incidental benefit to persons engaged in business on the assessed parcels, that incidental benefit is not considered general benefit because it is inherently produced by activities and improvements that provide special benefits to the assessed parcels. There is, however, a general benefit to persons not engaged in business on the assessed parcels.

Intercept surveys conducted in similar districts have found that approximately 97.3% of pedestrian traffic within PBID boundaries is engaged in business on assessed parcels, while the remaining approximately 2.7% is simply passing through and not engaging in business on the assessed parcels¹¹. The 2.7% of traffic passing through does not have any connection to the assessed parcels, and therefore does not represent a special benefit to the assessed parcels. The 2.7% will, however, receive a derivative and indirect general benefit as a result of the activities and improvements being provided in the DRPBID. Therefore, it is estimated that 2.7% of the benefit created by the DRPBID’s services is general benefit provided to the public-at-large. To ensure that the assessment dollars do not fund general benefits to the public-at-large, that portion of the cost of activities and improvements will be paid for with funds not obtained through assessments. Using the 2.7% figure, based on the initial year activity and improvement budget, the value of this general benefit to the public-at-large is \$6887.66 ($\$255,098.26 \times 0.027$).

b. General Benefit to Non-Assessed Parcels

Although they are only provided directly to the assessed parcels, the DRPBID’s activities and improvements may also confer general benefits upon non-assessed parcels within and surrounding the DRPBID. One study examining property values in PBID areas found “no evidence of spill-over impacts (either good or bad) on commercial properties located just outside the BID’s boundaries;”¹² however, the California Court of Appeals has stated that “services specifically intended for assessed parcels concomitantly confer collateral general benefits to surrounding properties.”¹³ It is reasonable

⁸ Streets and Highways Code section 36601(h)(2)

⁹ Ibid

¹⁰ Streets and Highways Code Section 36622(k)(2)

¹¹ Surveys conducted in: North Park, San Diego (January 2015); Mack Road, Sacramento (July 2014); and Sunrise MarketPlace, Citrus Heights (December 2013)

¹² Furman Center for Real Estate & Urban Policy; The Impact of Business Improvement Districts on Property Values: Evidence from New York City (2007) p. 4

¹³ Beutz v. Riverside (2010) 184 Cal.App.4th 1516

to conclude that activities and improvements within the DRPBID will have an incidental impact on non-assessed parcels surrounding or within the DRPBID boundaries. Although the legislature has indicated that “the value of any incidental 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,”¹⁴ the California Court of Appeals has noted that “the characterization of a benefit may depend on whether the parcel receives a direct advantage from the improvement...or receives an indirect, derivative advantage resulting from the overall public benefits of the improvement.”¹⁵ Those derivative and indirect impacts are considered general benefits and will be quantified and separated.

In this Engineer’s opinion, because activities and improvements are provided only within the DRPBID and on its perimeter, parcels separated from the DRPBID by either at least one intervening parcel or an impassable physical barrier such as a wall, freeway, or ditch will not receive spill over benefits. Parcels separated from the DRPBID will not benefit because they are physically removed from the actual location of activities and improvements provided, and do not face serviced parcels. Therefore, this analysis considers non-assessed parcels within the DRPBID’s boundaries and surrounding parcels that are immediately adjacent to and accessible from the DRPBID’s boundaries.

The total DRPBID activity and improvement budget for the first year is \$255,098.26. After reducing the activity and improvement budget by the general benefit to the public-at-large (\$6,887.66), the remaining benefit to parcels is \$248,210.60 . This benefit has been distributed to both assessed and non-assessed parcels using the following methodology. The general benefit to the public-at-large has been proportionally allocated to the DRPBID’s activity and improvement categories as shown in the following table.

Category	Benefit to Parcels	Benefit to Public-at-Large	Total
Maintenance, Safety, and Nuisance Abatement	\$124,408.17	\$3,452.23	\$127,860.40
Marketing, Promotions and Business Development	\$66,701.87	\$1,850.93	\$68,552.80
Capital Improvements	\$4,976.32	\$138.09	\$5,114.41
Administration, Contingency/Reserve, & Collection Fees	\$52,124.24	\$1446.41	\$53,570.65
Total	\$248,210.60	\$6887.66	\$255,098.26

To determine the general benefit to parcels, the Engineer assigned each parcel group a benefit factor, determined the appropriate parcel characteristic to use in the calculation, multiplied the benefit factor by the benefit characteristic to determine the benefit units attributable to each parcel group, and

¹⁴ Streets and Highways Code section 36622(k)(2)

¹⁵ Tiburon v. Bonander (2009) 180 Cal.App.4th 1057, 1077

apportioned the remaining service cost (service cost minus general benefit to the public) in accordance with the benefit units derived by each parcel group.

i. Benefit Factors

All parcels within and adjacent to the DRPBID have been assigned a benefit factor to mathematically represent the proportional special and general benefit and quantify the value of each. The determination of benefit factors for each type of activity and improvement follows.

Improvements

The improvements to be provided by the DRPBID provide two types of special benefits:

- *Improvement* – The primary special benefit provided by the DRPBID’s improvements is the improvements themselves, which are available to tenants and customers of assessed parcels.
- *Proximity* – The DRPBID’s improvements also provide the special benefit of being in proximity to a parcel that is benefitting from an improvement, as parcels will enjoy the spillover benefits of neighboring parcels utilizing the improvements.

The majority of the benefit is the improvements themselves; proximity is a lesser benefit. It is this Engineer’s estimation that eighty-five percent (85%) of the special benefit from the DRPBID’s improvements is the improvement, while the proximity special benefit accounts for fifteen percent (15%) of the special benefit. Assessed parcels will receive both benefits; non-assessed parcels within and adjacent to the DRPBID will not be directly improved, and therefore only receive the general benefit of proximity.

Tangible Activities

The tangible activities (those that are physically provided via a person or people working throughout the district) to be provided by the DRPBID generate three types of special benefits:

- *Service* – The primary special benefit provided by the DRPBID’s physical activities is the actual service. That is, the actual cleanliness and safety created by security and maintenance clean and safe personnel.
- *Presence* – The DRPBID’s physical activities also provide the special benefit of an individual’s presence on the assessed parcel as the activities are provided, which can have a deterrent effect and creates a positive impression that the area is well-maintained and safe. The “Disneyland effect” is the benefit the parcels receive from the observation that parcels are being maintained. There are studies which link the perception of cleanliness to a perception of increased security.
- *Proximity* – The DRPBID’s physical activities also provide the special benefit of being in proximity to a cleaner, safer parcel. Neighboring parcels enjoy the spillover benefits of being adjacent to increased safety and cleanliness.

The majority of the benefit received by the parcels is the results of the DRPBID’s services; onsite presence and proximity are lesser benefits. It is this Engineer’s estimation that seventy-five percent (75%) of the special benefit from the DRPBID’s physical activities is the service, while the presence and proximity benefits each account for twelve and one-half percent (12.5% presence, 12.5% proximity) of the special benefit. Assessed parcels will receive all three benefits; non-assessed parcels

within and adjacent to the DRPBID will not be directly serviced and therefore only receive the general benefit of proximity.

Intangible Activities

Some of the DRPBID's activities, such as marketing, are distinct in that they are not provided to a targeted area within the DRPBID, rather they are provided via internet, radio, and other forms of media and targeted at an audience outside the DRPBID in an effort to bring the audience into the DRPBID. These activities provide two types of special benefits:

Direct Exposure – The primary special benefit provided by the DRPBID's intangible activities is exposure. The intangible activities increase awareness of the DRPBID as a commercial and business destination and lead to increased patronage.

Incidental Exposure – The DRPBID's intangible activities will also have a secondary special benefit of incidental exposure, such as word-of-mouth exposure, that results from the direct exposure and increases awareness of the DRPBID as a commercial and business destination.

The majority of the benefit from these activities is the direct exposure; the incidental exposure is a lesser benefit. It is this Engineer's estimation that ninety percent (90%) of the special benefit from the intangible activities is direct exposure, while ten percent (10%) is incidental exposure. Assessed parcels will receive both as special benefits; non-assessed parcels within and adjacent to the DRPBID will not be directly marketed and therefore only receive the general benefit of incidental exposure.

Factors Determined

Based on the foregoing analysis, all assessed parcels within the DRPBID specially benefit from the DRPBID's activities and improvements, and have been assigned a benefit factor of 1.0. Parcels that are not assessed have been assigned benefit factors based on the portion of the benefit they will receive, as described above. The non-assessed parcels will benefit from fifteen percent (15%) of the improvements, twelve and one-half percent (12.5%) of the tangible activities, and ten percent (10%) of the intangible activities; therefore they have been assigned benefit factors of 0.15, 0.125, and 0.10 respectively.

ii. Non-Assessed Benefit Characteristics

There are two types of parcels that are not assessed; those within the DRPBID and those immediately adjacent to and accessible from the DRPBID. Because they generally benefit in a differing manner, distinct parcel characteristics are used to quantify the general benefit to each type.

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

will receive a different level of general benefit. Likewise, two parcels with the same depth but a different width adjacent to serviced parcels will benefit differently. To account for this difference, it is appropriate that parcel linear frontage be used to measure the general benefit the adjacent parcels receive. The linear footage is the length of parcels fronting public streets. The amount listed for “assessed linear feet” is the value for all assessed parcels within the DRPBID and the amount listed for “non-assessed linear feet” is the value for all non-assessed parcels adjacent to the district boundary.

iii. Calculations

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

1. The total service budget for each category was determined and the amount of general benefit to the public-at-large was subtracted from the category budget.
2. The benefit factor applicable to each activity or improvement was multiplied by the parcel square footage or linear frontage of assessed and non-assessed parcels, to determine the number of benefit units received by each parcel group.
3. The benefit units for all parcel groups were summed, and the percentage of benefit units attributable to each parcel group was calculated.
4. The total remaining activity and improvement budget, less the amount already determined to be general benefit to the public-at-large, was allocated to general and special benefit categories for each parcel group using the calculated benefit percent and applicable benefit characteristic methodology.
5. The special and general benefit resulting from the administration and contingency / reserve portions of the budget were determined based on the proportional allocation of benefits derived from activities and improvements.

Maintenance, Safety and Nuisance Abatement

The maintenance, safety, and nuisance abatement budget, minus the amount of general benefit to the public-at-large, is \$124,408.17. The calculations below determine the amount of general benefit to non-assessed parcels within the DRPBID.

Parcel Type	Square Footage	Benefit Factor	Benefit Units	Benefit Percent	Remaining Budget	
Assessed	1,721,854.00	1.000	1,721,854.00	99.387%	\$124,408.17	\$123,645.35
Non-Assessed	84,983.00	0.125	110,622.88	0.613%	\$124,408.17	\$762.82

The maintenance, safety, and nuisance abatement budget, minus the amount of general benefit to the public and non-assessed parcels within the DRPBID, is \$123,645.35. The calculations below determine the amount of general benefit to parcels adjacent to the DRPBID.

Parcel Type	Linear Frontage	Benefit Factor	Benefit Units	Benefit Percent	Remaining Budget	
Inside	22,881.00	1.000	22,881.00	97.048%	\$123,645.35	\$119,995.30
Adjacent	5,568.00	0.125	696.00	2.952%	\$123,645.35	\$3,650.05

Therefore, the allocation of the maintenance, safety, and nuisance abatement budget is as follows:

General Benefit – Public At Large	\$3,452.23
General Benefit – Inside Parcels	\$762.82
General Benefit – Adjacent Parcels	\$3,650.05
Special Benefit	\$119,995.30
Total	\$127,860.40

Marketing, Promotions and Business Development

The marketing, promotions, and business development budget, minus the amount of general benefit to the public-at-large, is \$66,701.87. The calculations below determine the amount of general benefit to non-assessed parcels within the DRPBID.

Parcel Type	Square Footage	Benefit Factor	Benefit Units	Benefit Percent	Remaining Budget	
Assessed	1,721,854.00	1.000	1,721,854.00	99.509%	\$66,701.87	\$66,374.28
Non-Assessed	84,983.00	0.100	8,498.30	0.491%	\$66,701.87	\$327.59

The marketing, promotions, and business development budget, minus the amount of general benefit to the public and non-assessed parcels within the DRPBID, is \$66,374.28. The calculations below determine the amount of general benefit to parcels adjacent to the DRPBID.

Parcel Type	Linear Frontage	Benefit Factor	Benefit Units	Benefit Percent	Remaining Budget	
Inside	22,881.00	1.000	22,881.00	97.624%	\$66,374.28	\$64,797.46
Adjacent	5,568.00	0.100	556.80	2.376%	\$66,374.28	\$1,576.82

Therefore, the allocation of the marketing, promotions, and business development budget is as follows:

General Benefit – Public At Large	\$1,850.93
General Benefit – Inside Parcels	\$327.59
General Benefit – Adjacent Parcels	\$1,576.82
Special Benefit	\$64,797.46
Total	\$68,522.80

Capital Improvements

The capital improvements budget, minus the amount of general benefit to the public-at-large, is \$4,976.32. The calculations below determine the amount of general benefit to non-assessed parcels within the DRPBID.

Parcel Type	Square Footage	Benefit Factor	Benefit Units	Benefit Percent	Remaining Budget	
Assessed	1,721,854.00	1.000	1,721,854.00	99.387%	\$4,976.32	\$4,945.81
Non-Assessed	84,983.00	0.125	10,622.88	0.613%	\$4,976.32	\$30.51

The capital improvements budget, minus the amount of general benefit to the public and non-assessed parcels within the DRPBID, is \$4,945.81. The calculations below determine the amount of general benefit to parcels adjacent to the DRPBID.

Parcel Type	Linear Frontage	Benefit Factor	Benefit Units	Benefit Percent	Remaining Budget	
Inside	22,881.00	1.000	22,881.00	97.048%	\$4,945.81	\$4,799.81
Adjacent	5,568.00	0.125	696.00	2.952%	\$4,945.81	\$146.00

Therefore, the allocation of the capital improvements budget is as follows:

General Benefit – Public At Large	\$138.09
General Benefit – Inside Parcels	\$30.51
General Benefit – Adjacent Parcels	\$146.00
Special Benefit	\$4,799.81
Total	\$5,114.41

Administration, Contingency/Reserve, and Collection Fee

The administration, contingency/reserve and collection fee budget line items relate to the activities and improvements provided. These costs have been allocated proportionally based on the special and general benefit provided by each category.

	Special Benefit to Parcels	General Benefit to Parcels
Maintenance, Safety, and Nuisance Abatement	\$119,995.30	\$4,412.87
Marketing, Promotions and Business Development	\$64,797.46	\$1,904.41
Capital Improvements	\$4,799.81	\$176.51
Activity Totals	\$189,592.57	\$6,493.79
Percent	96.688%	3.312%
Administration, Contingency/Reserve, & Collection Fee	\$50,398.03	\$1,726.21

Total Parcel Benefits	\$239,990.60	\$8,220.00
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iv. Total Benefits

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

	Special Benefit to Parcels	General Benefit to Parcels	General Benefit to Public	Total
Maintenance, Safety, and Nuisance Abatement	\$119,995.30	\$4,412.87	\$3,452.23	\$127,860.40
Marketing, Promotions and Business Development	\$64,797.46	\$1,904.41	\$1,850.93	\$68,552.80
Capital Improvements	\$4,799.81	\$176.51	\$138.09	\$5,114.41
Administration, Contingency/Reserve, & Collection Fees	\$50,398.03	\$1,726.21	\$1,446.41	\$53,570.65
Total	\$239,990.60	\$8,220.00	\$6,887.66	\$255,098.26

c. Non-Assessment Funding

The programs funded by the DRPBID receive additional non-assessment funding in the form of grants, corporate sponsorships, event income, and other miscellaneous funds. These funding sources are anticipated to equal or exceed the amount of general benefit conferred annually by the DRPBID's activities and improvements, \$15,107.66. These non-assessment funds will be used to pay for the general benefit provided by the DRPBID's activities and improvements, ensuring that parcel assessments will only be used to provide special benefits and "any additional costs of providing general benefits [are] not included in the amounts assessed."¹⁶

2. Special Benefit

The activities and improvements to be provided by the DRPBID constitute and convey special benefits directly to the assessed parcels. Assessment law requires that "the proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided."¹⁷ Further, "no assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."¹⁸ 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."¹⁹

To determine the total special benefit value to be conveyed to the assessed parcels, we deduct the general benefit value (\$15,107.66) from the total value of the activities and improvements (\$255,098.26). The remaining \$ is considered the special benefit to assessed parcels (the "Total Assessment"). The Total Assessment represents the total value of the special benefit to be provided

¹⁶ Streets and Highways Code section 36632(a)

¹⁷ Cal. Const., art XIII D §4(a)

¹⁸ Ibid

¹⁹ Streets and Highways Code section 36615.5

by the activities and improvements. The Total Assessment has been proportionally divided among the assessed parcels so that no assessment exceeds the reasonable cost of the proportional special benefit conferred on a parcel. The assessment rate has been designed to ensure that “properties that receive the same proportionate special benefit pay the same assessment.”²⁰

Service Provided	Total Benefit Value	General Benefit Value to Public	Benefit Value to Parcels (Special & General)	Special Benefit to Assessed Parcels
Maintenance, Safety, and Nuisance Abatement	\$127,860.40	\$3,452.23	\$124,408.17	\$119,995.30
Marketing, Promotions and Business Development	\$68,552.80	\$1,850.93	\$68,552.80	\$64,797.46
Capital Improvements	\$5,114.41	\$138.09	\$5,114.41	\$4,799.81
Administration	\$38,264.74	\$1,033.15	\$37,231.59	\$35,998.59
Contingency/Reserve	\$12,754.92	\$344.38	\$12,410.54	\$11,999.53
Collection Fees	\$2,550.99	\$68.88	\$2,482.11	\$2,399.91
TOTAL	\$255,098.26	\$6,887.66	\$248,210.60	\$239,990.60

B. Assessment Methodology

1. Base Formula

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

Determination of Assessment Rates

“Because not all parcels in the district are identical in size...some will receive more special benefit than others.”²¹ Each of the variables used relates directly to the service level and special benefit provided to each parcel. Parcel square footage is the size of the parcel, measured in square feet. Size is an appropriate measure of proportional special benefit because it relates directly to the quantity of services provided to the parcel, the highest and best use of a parcel, and reflects the long-term value implications of the DRPBID. The larger a parcel, the more services and benefit the parcel will receive.

Because not all parcels in the DRPBID are identical in use, some will receive more special benefit than others. For example, a commercial parcel will benefit to a lesser degree than a retail trade use parcel, because it will not enjoy the benefits of increased commerce resulting from the services. Further detail on the benefit to each parcel type is in the following pages. To determine the assessment rates, the assessed parcels were classified by the estimated benefit each type of parcel receives, the estimated special benefit value of the activities and improvements provided to each type was determined based

²⁰ *Tiburón v. Bonander* (2009) 180 Cal.App.4th 1057

²¹ *Dahms v. Downtown Pomona* (2009) 174 Cal.App.4th 708

on approximate cost of service provision, and an assessment rate that is proportional to the estimated proportional benefit received by each parcel type was determined.

To determine the assessment rates, the estimated special benefit value for each parcel type was divided by the total assessable parcel square footage as shown in the tables below.

Parcel Type

Parcel types were categorized based on their typical amount of foot and vehicle traffic on the various parcels. Retail trade use parcels will receive the highest level of services because their owners aim to benefit from increased customers or increased use by visitors and receive the highest volume of foot and vehicle traffic. However, parcels with low traffic, such as private tax-exempt parcels, will receive a lower level of services, because their owners primarily aim to benefit from increased cleanliness and security and receive the lowest level of foot and vehicle traffic. The approximate cost of special benefit services by parcel type was determined. Then, the special benefit cost of services by type was divided by the frontage and square footage of those parcels to determine the assessment rates.

Parcel Size

The DRPBID's services will benefit each assessed parcel as a whole. The service budget which, in this Engineer's estimation, represents special benefits to the parcels, has been allocated based on parcel size and parcel frontage.

Parcel Type	Initial Parcel Size Budget	Parcel Square Footage	Initial Parcel Assessment Rate (\$/sqft/yr)
Commercial	219,090.60 ÷	1460604 =	0.15
Non-Profit Housing	20,900.00 ÷	261250 =	0.08

Summary of Assessment Rates

Therefore, for the initial year, the maximum annual assessment rates to parcels are as shown below and in Appendix 1. Maximum annual assessment rates may be subject to an increase of no more than three percent (3%) per year as shown in Appendix 1. Pursuant to Streets and Highways Code §36622(f) bonds shall not be issued.

If you would like more information about parcel assessments, please call Civitas at (916)437-4300 or (800)999-7781.

Parcel type	Assessment rate (per square foot)
Commercial	\$0.15
Non-Profit Housing	\$0.08

Sample assessment calculations are shown in Appendix 4.

Parcel Categorization

Assessment categories for each parcel were determined based on the parcel's land use code as shown in the Assessor's Records and supplemented by other available information. In general, the assessment category for each parcel reflects the use of the parcel as described by its land use code. Parcels with multiple uses, such as strip malls with retail storefronts and commercial use buildings on the same parcel, are assessed at the rate applicable to the use that occupies the largest portion of the building square footage. In cases where the land use code and actual use differ, the actual use prevails for classification purposes.

1. Commercial

Commercial parcels will receive and benefit from all DRPBID services, which are aimed to attract and increase customers and visitors to assessed parcels. These parcels have a commercial component because their owners aim to benefit from tenant rents, increased customers, or increased use by visitors. The primary purpose of the DRPBID is to provide property owner services which generate special benefits to parcels with commercial uses.

2. Non-Profit Housing

Parcels owned and operated by non-profit housing agencies will receive and benefit from a portion of the DRPBID's services. They will not, however, receive the same degree of special benefit that is received by commercial parcels as they are not used for commercial purposes. These parcels will receive and benefit from a portion of the DRPBID's cleaning and maintenance programs. They will not receive nor benefit from marketing, promotions and business attraction services. Due to their lower pedestrian traffic and non-commercial nature, these parcels have a lower need for services; therefore, they will receive services less frequently and less intensively than commercial parcels. Thus, non-profit housing parcels will be assessed at a rate commensurate with the degree of special benefit.

3. Government-Owned Parcels

The California Constitution, in Article XIII D, provides that "parcels within a district that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit." No public agency owning parcels in the district has made such a demonstration. Government-owned parcels within the DRPBID will receive special benefit from the full range of DRPBID services and will therefore be assessed at the full commercial rate, commensurate with the degree of special benefit. There are thirty-one (31) City of Richmond parcels and one (1) County of Contra Costa parcel.

4. Exempted parcels/Non-Assessed

There are sixty-eight (68) parcels within the DRPBID that will not be assessed. These parcels will not specially benefit from or directly receive the DRPBID's activities and improvements. These parcels are accounted for in the analysis of general benefit provided to non-assessed parcels within the DRPBID. These parcels have the following use:

- Residential Parcels: The state legislature has determined that "properties zoned exclusively for residential use...are conclusively presumed not to benefit from the improvements and services

funded through these assessments, and shall not be subject to any assessment.”²² The activities and improvements to be provided are designed to specially benefit commercial and parking parcels via increased commerce, occupancy, and lease rates. None of these benefits apply to residential parcels, which will not be serviced or benefit from the DRPBID’s activities. Residential parcels are those parcels with four family units or less, residential common areas, residential vacant lots, residential planned unit development, and residential condominiums. There are sixty-eight (68) residential parcels within the DRPBID that will not be assessed.

5. Changes in Data

Every effort has been made to ensure each parcel included in the DRPBID is clearly identified and that all parcels included in the DRPBID are consistent in the boundary map and the assessment calculation table. However, errors in data can and may arise or data may change after formation of the DRPBID. Inconsistencies may include updated parcel sizes or parcel splits. If inconsistencies arise, the order of precedence shall be: 1) the assessment calculation table and 2) the boundary map.

If the parcel size or type of a parcel changes during the term of the DRPBID, the assessment calculation may be modified accordingly.

Categorization Appeals

The category determined for each parcel is shown in Appendix 4. The use for each parcel is established at formation and may be updated upon each renewal. If a parcel owner believes their parcel has been mis-classified or has changed, they may appeal in writing to the City of Richmond for re-consideration. Appeals must be received by the City no later than June 1 of each year. Appeals must include the parcel number, current classification, requested classification, and the evidence upon which the appeal is based (for instance if a parcel is occupied by a retail store, but classified as commercial, a current photo of the retail store showing the building number). Appeals will not provide retroactive reductions.

Appeals should be made to:

Thomas Omolo
Richmond City Manager’s Office, Economic Development
Thomas_Omolo@ci.richmond.ca.us
(510) 620-5560

A. Assessment Notice

During the hearing process, an Assessment Ballot will be sent to owners of each parcel in the DRPBID. The Assessment Ballot provides an estimated assessment for each parcel. The final individual assessment for any particular parcel may change, up or down, if the parcel square footage, linear front footage, or type differ from those used to calculate the amount shown on the notice, which can be found in Appendix 4.

B. Time and Manner for Collecting Assessments

As provided by State Law, the DRPBID assessment will appear as a separate line item on annual property tax bills prepared by the County of Contra Costa. Alternatively, the DRPBID assessment may be collected by the City of Richmond if needed. Property tax bills are generally distributed in the fall, and payment is expected by lump sum or installment. The County of Contra Costa and City of Richmond shall distribute

²² Streets and Highways Code § 36632(c)

funds collected to RMSI. Existing laws for enforcement and appeal of property taxes, including penalties and interest, apply to the DRPBID assessments.

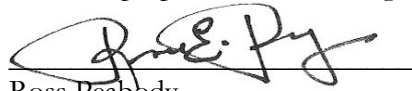
C. Bonds

Bonds will not be issued to finance services as a part of this DRPBID.

D. Engineer's Certification

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

Review of this Downtown Richmond Property and Business Improvement District Management District Plan and preparation of the Engineer's Report was completed by:



Ross Peabody
State of California



April 6, 2022
Date

This Engineer's Report is intended to be distributed as part of the Management District Plan in its entirety, including the Assessment Calculation Table (Appendix 3) and the Boundary Map. Reproduction and distribution of only Section VII of this Management District Plan violates the intent of this stamp and signature.

APPENDIX 1 – MAXIMUM ANNUAL ASSESSMENT RATES

Year	Commercial	Non-Profit Housing
2023/24	\$0.150000	\$0.080000
2024/25	\$0.154500	\$0.082400
2025/26	\$0.159135	\$0.084872
2026/27	\$0.163909	\$0.087418
2027/28	\$0.168826	\$0.090041
2028/29	\$0.173891	\$0.092742
2029/30	\$0.179108	\$0.095524

APPENDIX 2 – PBID LAW

*** THIS DOCUMENT IS CURRENT THROUGH THE 2020 SUPPLEMENT ***
(ALL 2019 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 the protest is interested sufficient to identify the business and, if a person subscribing is not shown on the official records of the city as the owner of the business, the protest shall contain or be accompanied by written evidence that the person subscribing is the owner of the business or the authorized representative. A written protest that does not comply with this section shall not be counted in determining a majority protest. If written protests are received from the owners or authorized representatives of businesses in the proposed district that will pay 50 percent or more of the assessments proposed to be levied and protests are not withdrawn so as to reduce the protests to less than 50 percent, no further proceedings to levy the proposed assessment against such businesses, as contained in the resolution of intention, shall be taken for a period of one year from the date of the finding of a majority protest by the city council.
- (c) If a city council proposes to conduct a single proceeding to levy both a new or increased property assessment and a new or increased business assessment, the notice and protest and hearing procedure for the property assessment shall comply with subdivision (a), and the notice and protest and hearing procedure for the business assessment shall comply with subdivision (b). If a majority protest is received from either the property or business owners, that respective portion of the assessment shall not be levied. The remaining portion of the assessment may be levied unless the improvement or other special benefit was proposed to be funded by assessing both property and business owners.

36624. Changes to proposed assessments

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

36625. Resolution of formation

- (a) If the city council, following the public hearing, decides to establish a proposed property and business improvement district, the city council shall adopt a resolution of formation that shall include, but is not limited to, all of the following:
 - (1) A brief description of the proposed improvements, maintenance, and activities, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property,

businesses, or both within the district, a statement on whether bonds will be issued, and a description of the exterior boundaries of the proposed district, which may be made by reference to any plan or map that is on file with the clerk. The descriptions and statements need not be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements, maintenance, and activities and the location and extent of the proposed district.

(2) The number, date of adoption, and title of the resolution of intention.

(3) The time and place where the public hearing was held concerning the establishment of the district.

(4) A determination regarding any protests received. The city shall not establish the district or levy assessments if a majority protest was received.

(5) A statement that the properties, businesses, or properties and businesses in the district established by the resolution shall be subject to any amendments to this part.

(6) A statement that the improvements, maintenance, and activities to be conferred on businesses and properties in the district will be funded by the levy of the assessments. The revenue from the levy of assessments within a district shall not be used to provide improvements, maintenance, or activities outside the district or for any purpose other than the purposes specified in the resolution of intention, as modified by the city council at the hearing concerning establishment of the district. Notwithstanding the foregoing, improvements and activities that must be provided outside the district boundaries to create a special or specific benefit to the assessed parcels or businesses may be provided, but shall be limited to marketing or signage pointing to the district.

(7) A finding that the property or businesses within the area of the property and business improvement district will be benefited by the improvements, maintenance, and activities funded by the proposed assessments, and, for a property-based district, that property within the district will receive a special benefit.

(8) In a property-based district, the total amount of all special benefits to be conferred on the properties within the property-based district.

(b) The adoption of the resolution of formation and, if required, recordation of the notice and map pursuant to Section 36627 shall constitute the levy of an assessment in each of the fiscal years referred to in the management district plan.

36627. Notice and assessment diagram

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

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

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

36628.5. Assessments on businesses or property owners

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

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

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

36630. Expiration of district; Creation of new district

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

CHAPTER 3. Assessments

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

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

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

(a) The assessments levied on real property pursuant to this part shall be levied on the basis of the estimated benefit to the real property within the property and business improvement district. The city council may classify properties for purposes of determining the benefit to property of the improvements and activities provided pursuant to this part.

(b) Assessments levied on businesses pursuant to this part shall be levied on the basis of the estimated benefit to the businesses within the property and business improvement district. The city council may classify businesses for purposes of determining the benefit to the businesses of the improvements and activities provided pursuant to this part.

(c) Properties zoned solely for residential use, or that are zoned for agricultural use, are conclusively presumed not to benefit from the improvements and service funded through these assessments, and shall not be subject to any assessment pursuant to this part.

36633. Time for contesting validity of assessment

The validity of an assessment levied under this part shall not be contested in an action or proceeding unless the action or proceeding is commenced within 30 days after the resolution levying the assessment is adopted pursuant to Section 36626. An appeal from a final judgment in an action or proceeding shall be perfected within 30 days after the entry of judgment.

36634. Service contracts authorized to establish levels of city services

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

36635. Request to modify management district plan

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

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

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

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

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

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

36637. Reflection of modification in notices recorded and maps

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

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

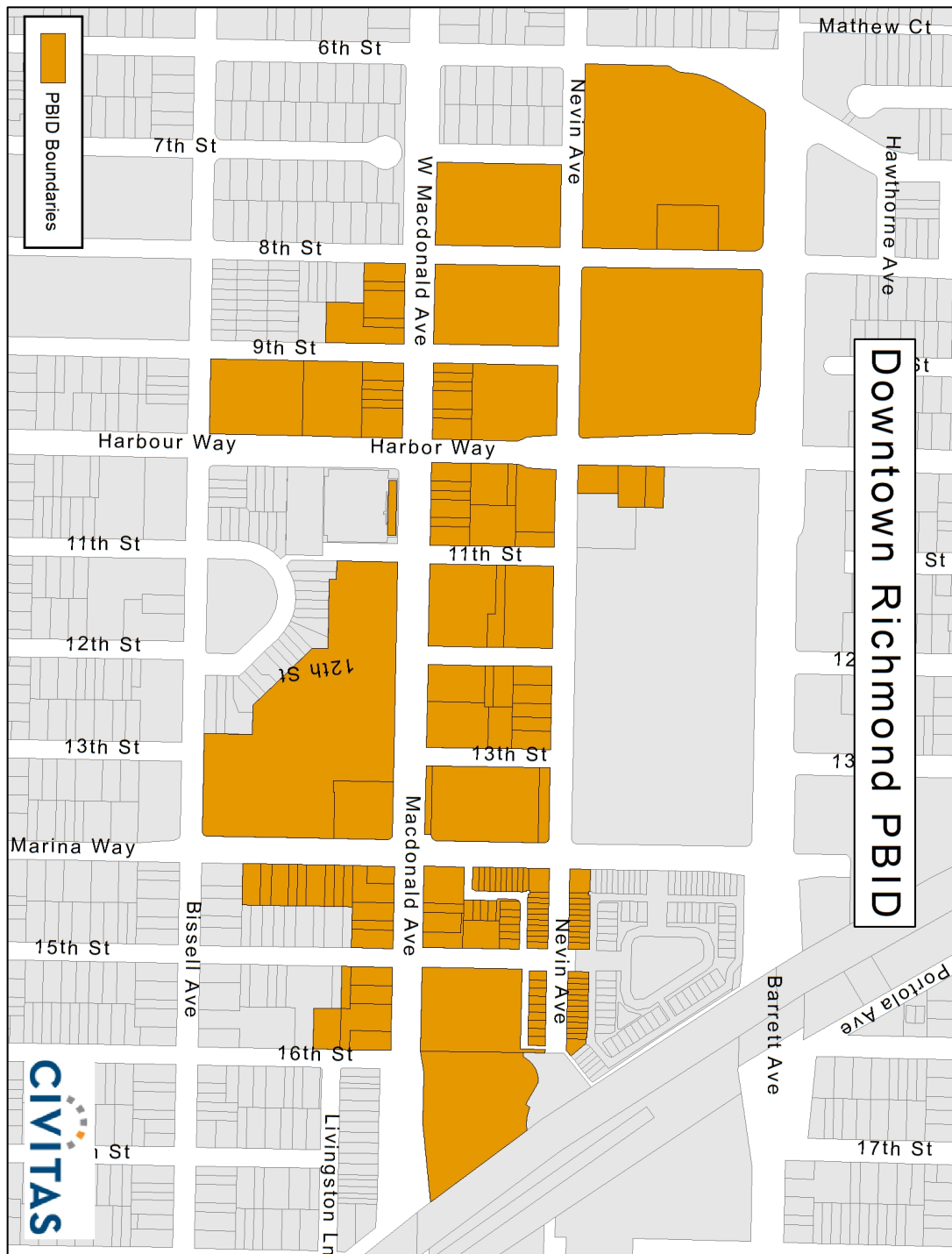
(a) Any district established or extended pursuant to the provisions of this part, where there is no indebtedness, outstanding and unpaid, incurred to accomplish any of the purposes of the district, may be disestablished by resolution by the city council in either of the following circumstances:

- (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 assesseees may request disestablishment of the district. The first such period shall begin one year after the date of establishment of the district and shall continue for 30 days. The next such 30-day period shall begin two years after the date of the establishment of the district. Each successive year of operation of the district shall have such a 30-day period. Upon the written petition of the owners or authorized representatives of real property or the owners or authorized representatives of businesses in the district who pay 50 percent or more of the assessments levied, the city council shall pass a resolution of intention to disestablish the district. The city council shall notice a hearing on disestablishment.
- (b) The city council shall adopt a resolution of intention to disestablish the district prior to the public hearing required by this section. The resolution shall state the reason for the disestablishment, shall state the time and place of the public hearing, and shall contain a proposal to dispose of any assets acquired with the revenues of the assessments levied within the property and business improvement district. The notice of the hearing on disestablishment required by this section shall be given by mail to the property owner of each parcel or to the owner of each business subject to assessment in the district, as appropriate. The city shall conduct the public hearing not less than 30 days after mailing the notice to the property or business owners. The public hearing shall be held not more than 60 days after the adoption of the resolution of intention.

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

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

APPENDIX 3 – MAP



APPENDIX 4 – PARCEL ASSESSMENT CALCULATIONS

MAP KEY	APN	TYPE	LOT SIZE	ASSESSMENT
1	538111001	COM	223,462	\$33,519.30
2	538131016	COM	81,598	\$12,239.70
3	538132005	COM	6,124	\$918.60
4	538132006	COM	2,710	\$406.50
5	538132009	COM	2,710	\$406.50
6	538132010	COM	2,710	\$406.50
7	538132011	COM	2,710	\$406.50
8	538132013	COM	46,950	\$7,042.50
9	538132014	COM	5,420	\$813.00
10	538142016	COM	76,702	\$11,505.30
11	538250001	COM	5,625	\$843.75
12	538250002	COM	2,812	\$421.80
13	538250003	COM	8,437	\$1,265.55
14	538250004	COM	2,812	\$421.80
15	538250014	COM	16,875	\$2,531.25
16	538260001	COM	5,625	\$843.75
17	538260002	COM	2,817	\$422.55
18	538260003	COM	3,187	\$478.05
19	538260004	COM	2,437	\$365.55
20	538260007	COM	32,390	\$4,858.50
21	538260009	COM	9,135	\$1,370.25
22	538260013	COM	52,110	\$7,816.50
23	538440001	NPH	254,650	\$20,372.00
24	538440002	COM	21,450	\$3,217.50
25	540071011	COM	2,710	\$406.50
26	540071016	COM	5,213	\$781.95
27	540071017	COM	10,840	\$1,626.00
28	540071018	COM	5,395	\$809.25
29	540072018	COM	62,428	\$9,364.20
30	540081001	COM	5,375	\$806.25
31	540081002	COM	5,375	\$806.25
32	540081003	COM	4,031	\$604.65
33	540081004	COM	4,031	\$604.65
34	540081005	COM	5,375	\$806.25
35	540081020	COM	21,758	\$3,263.70
36	540081021	COM	6,795	\$1,019.25

37	540081024	COM	5,906	\$885.90
38	540081025	COM	2,531	\$379.65
39	540081026	COM	15,849	\$2,377.35
40	540082030	COM	1,152	\$172.80
41	540082032	COM	5,940	\$891.00
42	540082033	COM	62,525	\$9,378.75
43	540091008	COM	4,300	\$645.00
44	540091010	COM	14,063	\$2,109.45
45	540091011	COM	5,420	\$813.00
46	540091012	COM	2,710	\$406.50
47	540091013	COM	5,420	\$813.00
48	540091014	COM	2,700	\$405.00
49	540091015	COM	2,710	\$406.50
50	540091016	COM	5,400	\$810.00
51	540091017	COM	11,250	\$1,687.50
52	540091018	COM	2,812	\$421.80
53	540091019	COM	18,755	\$2,813.25
54	540092016	COM	36,087	\$5,413.05
55	540092017	COM	29,774	\$4,466.10
56	540092018	COM	6,701	\$1,005.15
57	540140001	COM	3,750	\$562.50
58	540140002	COM	7,500	\$1,125.00
59	540140003	COM	5,625	\$843.75
60	540140004	COM	2,812	\$421.80
61	540140005	COM	5,625	\$843.75
62	540140020	RES	5,650	\$0.00
63	540140021	RES	3,390	\$0.00
64	540140022	RES	5,040	\$0.00
65	540140023	RES	2,825	\$0.00
66	540140024	RES	2,812	\$0.00
67	540140025	COM	5,625	\$843.75
68	540140026	COM	2,812	\$421.80
69	540140027	COM	2,812	\$421.80
70	540140028	COM	2,817	\$422.55
71	540150001	COM	5,625	\$843.75
72	540150002	COM	5,625	\$843.75
73	540150006	COM	5,625	\$843.75
74	540150008	COM	8,437	\$1,265.55
75	540150026	COM	2,812	\$421.80

76	540150029	COM	11,249	\$1,687.35
77	540420003	NPH*	8,250	\$775.50
78	540420004	COM	8,437	\$1,265.55
79	540420005	COM	5,625	\$843.75
80	540460008	COM	3,354	\$503.10
81	540460048	COM	241,279	\$36,191.85
82	540460049	COM	25,091	\$3,763.65
83	540480024	RES	1,278	\$0.00
84	540480025	RES	1,100	\$0.00
85	540480026	RES	1,100	\$0.00
86	540480027	RES	1,100	\$0.00
87	540480028	RES	1,100	\$0.00
88	540480029	RES	1,498	\$0.00
89	540480030	RES	1,278	\$0.00
90	540480031	RES	1,100	\$0.00
91	540480032	RES	1,100	\$0.00
92	540480033	RES	1,416	\$0.00
93	540480056	RES	1,063	\$0.00
94	540480057	RES	964	\$0.00
95	540480058	RES	964	\$0.00
96	540480059	RES	964	\$0.00
97	540480060	RES	964	\$0.00
98	540480061	RES	964	\$0.00
99	540480062	RES	964	\$0.00
100	540480063	RES	964	\$0.00
101	540480064	RES	964	\$0.00
102	540480065	RES	1,173	\$0.00
103	540480066	RES	1,040	\$0.00
104	540480067	RES	855	\$0.00
105	540480068	RES	855	\$0.00
106	540480069	RES	855	\$0.00
107	540480070	RES	855	\$0.00
108	540480071	RES	855	\$0.00
109	540480072	RES	855	\$0.00
110	540480073	RES	855	\$0.00
111	540480074	RES	855	\$0.00
112	540480075	RES	855	\$0.00
113	540480076	RES	855	\$0.00
114	540480077	RES	847	\$0.00

115	540480083	RES	849	\$0.00
116	540480084	RES	859	\$0.00
117	540480085	RES	859	\$0.00
118	540480086	RES	859	\$0.00
119	540480087	RES	859	\$0.00
120	540480088	RES	859	\$0.00
121	540480089	RES	859	\$0.00
122	540480090	RES	859	\$0.00
123	540480091	RES	859	\$0.00
124	540480092	RES	1,045	\$0.00
125	540480093	RES	900	\$0.00
126	540480094	RES	900	\$0.00
127	540480095	RES	900	\$0.00
128	540480096	RES	900	\$0.00
129	540480097	RES	900	\$0.00
130	540480098	RES	900	\$0.00
131	540480099	RES	900	\$0.00
132	540480100	RES	900	\$0.00
133	540480101	RES	900	\$0.00
134	540480102	RES	900	\$0.00
135	540480124	RES	1,191	\$0.00
136	540480125	RES	1,027	\$0.00
137	540480126	RES	1,027	\$0.00
138	540480127	RES	1,027	\$0.00
139	540480128	RES	1,027	\$0.00
140	540480129	RES	1,027	\$0.00
141	540480130	RES	1,027	\$0.00
142	540480131	RES	1,027	\$0.00
143	540480132	RES	1,191	\$0.00
144	540480133	COM	3,310	\$496.50
145	540480134	COM	3,310	\$496.50
146	540480135	COM	1,655	\$248.25
147	540480138	RES	4,603	\$0.00
148	540480144	RES	871	\$0.00
149	540062012	COM	90,003	\$13,500.45

COM: Commercial

NPH: Non-Profit Housing

RES: Residential (Not Assessed)

* Mixed Used Parcel

APPENDIX 5 – TOTAL ESTIMATED MAXIMUM COST OF IMPROVEMENTS, MAINTENANCE, AND ACTIVITIES

The estimated maximum cost of the line items below was developed based on the estimated costs of providing services in the proposed DRPBID. The costs below are estimated; the actual line item costs will fluctuate. The table below shows expenditures from assessment and non-assessed funds. Assessment funds are governed by Section VI. The total maximum budget may exceed the maximum listed in this table if parcel ownership changes results in parcels being assessed at a higher rate due to a higher estimated benefit.

Year	Maintenance, Safety and Nuisance Abatement	Marketing, Promotions and Business Development	Capital Improvements	Administration	Contingency /Reserve	Collection Fees	Total
2023	\$127,860.40	\$68,552.80	\$5,114.41	\$38,264.74	\$12,754.92	\$2,550.99	\$255,098.26
2024	\$131,696.21	\$70,609.38	\$5,267.84	\$39,412.68	\$13,137.57	\$2,627.52	\$262,751.21
2025	\$135,647.10	\$72,727.67	\$5,425.88	\$40,595.06	\$13,531.69	\$2,706.35	\$270,633.74
2026	\$139,716.51	\$74,909.50	\$5,588.65	\$41,812.91	\$13,937.65	\$2,787.54	\$278,752.76
2027	\$143,908.01	\$77,156.78	\$5,756.31	\$43,067.30	\$14,355.77	\$2,871.16	\$287,115.34
2028	\$148,225.25	\$79,471.48	\$5,929.00	\$44,359.32	\$14,786.45	\$2,957.30	\$295,728.80
2029	\$152,672.00	\$81,855.63	\$6,106.87	\$45,690.10	\$15,230.04	\$3,046.02	\$304,600.66
Total	\$979,725.48	\$525,283.24	\$39,188.97	\$293,202.12	\$97,734.09	\$19,546.86	\$1,954,680.77