

RESOLUTION 2024-0094

Adopted by the Sacramento City Council

April 2, 2024

Resolution Declaring Results of Majority Protest Proceedings and Renewing Sacramento Tourism Marketing District No. 2024-01; Confirming and Levying Assessment, and Approving District Budget and Assessment for FY 2024/25

BACKGROUND

- A. The Sacramento Tourism Marketing District 2024-01 (STMD) was initially established in 2012 under the Property and Business Improvement District Law of 1994 (California Streets and Highways Code section 36600 et seq.) (referred to as the “PBID Law”) by City Council for a five-year term. It was then renewed in 2017 for a ten-year term that is set to expire in 2027.
- B. Lodging business owners within the boundaries of the STMD have submitted petitions to the City of Sacramento to renew the STMD for a ten-year term running from July 1, 2024 through June 30, 2034. The renewed STMD includes all lodging businesses, existing and in the future, available for public occupancy, located within the boundaries of the City of Sacramento and a portion of the unincorporated area of the County of Sacramento. The STMD boundary does not include the cities of Citrus Heights, Elk Grove, Folsom, Galt, Isleton, or Rancho Cordova. The STMD has been divided up into four (4) benefit zones, as shown on the boundary map in the attached Management District Plan (MDP) attached hereto as Exhibit A. Included with the petitions was a summary of the MDP that describes the proposed assessment to be levied on businesses within the STMD and the proposed services to be provided. Accordingly, renewal of the District by the City Council is sought in accordance with Streets and Highways Code section 36660.
- C. Section 36620.5 of the PBID Law authorizes cities to renew business improvement districts including territory within a County upon said County’s consent. The City has requested and received consent from the County of Sacramento to include territory within its jurisdiction in the proposed renewed STMD.
- D. On March 26, 2024, at the place set forth in the joint notice of public meeting and public hearing mailed to all business owners within the STMD to be renewed, the City Council held a public hearing on the proposed assessment. During the public hearing, the City Council: (1) heard all protests against the proposed assessment from business owners within the STMD; and (2) accepted testimony from all interested persons, whether or not they own businesses within the STMD.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

SECTION 1.

The Background statements above are true and correct.

SECTION 2.

The proposed services for the renewed STMD include the following: 1) producing print ads, brochures, and flyers; 2) posting on social media; and 3) marketing campaigns and industry partnerships. All of these services are intended to promote the area within the STMD as a destination for tourism, conventions, meetings, and events, and increase room night sales for the assessed lodging businesses. The MDP proposes to fund these services through the levy of an assessment on lodging businesses within the STMD. All activities are defined within the MDP, attached hereto as Exhibit A and on file with the Infrastructure Finance division of the Department of Finance, designated by the City Clerk to be repository of documents associated with special districts.

SECTION 3.

The annual assessment rate for the proposed renewal term of the STMD is a percentage of gross short-term sleeping room rental revenue on lodging businesses within the STMD (varied by benefit zone), as described in further detail in the MDP. Based on the benefit received, assessments will not be collected on stays of more than 30 consecutive days. The initial annual assessment proposed for each zone is as follows: Zone 1: 3.45%, Zone 2: 2.875%, Zone 3: 2.30%, and Zone 4: 1.15%. The total amount of the proposed assessments for the first year of the STMD's renewal term is approximately \$9,540,000. Annually, the STMD Committee ("Committee") may increase the assessment rate incrementally, up to the maximum allowable rates for each zone as specified in the MDP. The members of the Committee are defined in the MDP. The assessment rate may also be decreased by the Committee, but shall not drop below the initial assessment rates for each zone listed in the MDP.

SECTION 4.

Businesses in the STMD will be subject to amendments to the PBID Law.

SECTION 5.

Bonds will not be issued for the STMD.

SECTION 6.

A description of the exterior boundaries of the proposed renewed STMD is contained in the MDP, which is attached hereto and incorporated herein as Exhibit A.

SECTION 7.

The services to be provided will benefit businesses in the STMD and will be funded by the levy of the assessment. The revenue from the assessment levy shall not be used: to provide activities that directly benefit businesses outside the STMD; to provide activities or improvements outside the STMD; or for any purpose other than the purposes specified the Resolution of Intention, this Resolution of Renewal, and the MDP. Notwithstanding the foregoing, improvements and activities that must be provided outside the STMD boundaries to create a specific benefit to the assessed businesses may be provided, but shall be limited to marketing or signage pointing to the area within the STMD.

SECTION 8.

The assessments for the renewed STMD will be levied on lodging businesses within the STMD. The activities funded by the assessment will provide a specific benefit to assessed businesses within the STMD that is not provided to those not paying the assessment.

SECTION 9.

The business owners who signed the petitions will collectively pay more than 50% of the proposed assessment. On February 6, 2024, the City Council adopted Resolution No. 2024-0027 entitled "Resolution of Intention to Renew the Sacramento Tourism Marketing District No. 2024-01." As part of the City Council's action, the dates and times of the public meeting and public hearing were identified as follows: March 12, 2024, at 5:00 pm and March 26, 2024, at 5:00 pm, with both events taking place in the City Council chambers, New City Hall, 915 "I" Street (first floor), Sacramento, California, respectively. The City Clerk was directed to provide notice to affected business owners in accordance with Streets and Highways Code Section 36623(b) and Government Code Section 54954.6.

SECTION 10.

Staff in the Infrastructure Finance Division of the Finance Department mailed Joint Public Meeting and Public Hearing notices, on the City Clerk's behalf, to affected business owners in the proposed STMD on February 8, 2024 and signed an affidavit confirming compliance with the legal requirement for mailing the joint notices. Relying on this affidavit, the City Council finds that a joint public meeting and public hearing notice was mailed to each business owner of identified parcels within the territory of the STMD, as ordered by Resolution No. 2024-0027 and as required by the PBID Law.

SECTION 11.

The City Clerk has received, been given custody of, and tabulated the protests submitted and not withdrawn by the owners of businesses located within the STMD. The City Clerk has reported the results of the tabulation by her written Certificate to the City Council. The Clerk's Certificate of Results for the Business Owner Majority Protest Proceeding specifies the protests that were submitted to the City Clerk, and not withdrawn, prior to the close of the public hearing on March 26, 2024. The protest for each business is weighted according to the proportional financial obligation of each business. The weight of the total compliant protests received and not withdrawn represents less than 50% of the total assessment proposed to be levied in the STMD. Therefore, a majority protest against the proposed assessment does not exist.

SECTION 12.

The Resolution of Intention stated the City Council's finding that the MDP satisfied all requirements of Streets and Highways Code Section 36622. The City Council hereby approves the MDP on the proposal to levy an annual assessment on lodging businesses within the STMD. The MDP is attached hereto as Exhibit A and on file with the Infrastructure Finance Division of the Finance Department.

SECTION 13.

The City Council hereby renews the STMD for a ten-year term beginning July 1, 2024, with an expiration date of June 30, 2034, for the territory described in the MDP, which is attached hereto as Exhibit A and by this reference made a part of this resolution.

SECTION 14.

The City Council hereby confirms the assessment methodology specified in the MDP and the City Council levies the assessments detailed in the MDP on lodging businesses within the STMD to fund the services described in the MDP. In accordance with Streets and Highways Code Section 36631 and the MDP, the assessment to fund the activities and improvements for the STMD will be collected on a monthly basis (including any delinquencies, interest, and overdue charges) from each assessed lodging business located in the boundaries of the STMD.

SECTION 15.

The City Council hereby approves the annual budget and lodging business assessments for the STMD renewal term as set forth in the MDP.

SECTION 16.

The City Manager or City Manager's designee is hereby directed to take all necessary actions to complete the renewal of the STMD and levy the assessments.

SECTION 17.

Exhibit A is a part of this resolution.

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Exhibit A: MDP

Adopted by the City of Sacramento City Council on April 2, 2024, by the following vote:

Ayes: Members Jennings, Maple, Talamantes, Thao, Valenzuela, Vang, and Mayor Steinberg

Noes: None

Abstain: None

Absent: Members Guerra and Kaplan

Attest:  04/06/2024
Mindy Cuppy, City Clerk

The presence of an electronic signature certifies that the foregoing is a true and correct copy as approved by the Sacramento City Council.

2024-2034



SACRAMENTO TOURISM MARKETING DISTRICT

MANAGEMENT DISTRICT PLAN

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I. OVERVIEW

Developed by Visit Sacramento (VS), and Sacramento lodging businesses, the Sacramento Tourism Marketing District (STMD) is an assessment district proposed to continue to provide specific benefits to payors, by funding marketing and sales promotion efforts for assessed lodging businesses. This approach has been used successfully in other destination areas throughout the country to provide the benefit of additional room night sales directly to payors. The STMD was created in 2012 for a five (5) year term and subsequently renewed in 2017 for a ten (10) year term. Visit Sacramento and Sacramento lodging businesses now wish to renew the STMD for an additional ten (10) year term.

Location: The renewed STMD includes all lodging businesses, existing and in the future, available for public occupancy, located within the boundaries of the City of Sacramento and a portion of the unincorporated area of the County of Sacramento, as shown on the map included in Section IV of this Plan. The STMD boundary does not include the cities of Citrus Heights, Elk Grove, Folsom, Galt, Isleton, or Rancho Cordova. The STMD has been divided up into four (4) benefit zones, as shown on the boundary map and described in the detailed descriptions provided in Section IV.

Services: The STMD is designed to provide specific benefits directly to payors by increasing awareness and demand for room night sales. Marketing and sales promotions will increase demand for overnight tourism and market payors as tourist, meeting, and event destinations, thereby increasing demand for room night sales.

Budget: The total STMD annual assessment budget for the initial year of its ten (10) year operation is anticipated to be approximately \$9,540,000. A similar budget is expected to apply to subsequent years, but this budget is expected to fluctuate as room sales do, as businesses open and close, and if assessment rates are increased or decreased as detailed in Section V.

Cost: The annual assessment rate is a percentage of gross short-term sleeping room rental revenue on lodging businesses, varied by benefit zone. The initial annual assessment rate for each zone is shown in the table below. Based on the benefit received, assessments will not be collected on stays of more than thirty (30) consecutive days.

Initial Zone Assessment Rates	
Zone	Assessment Rate
Zone 1	3.45%
Zone 2	2.875%
Zone 3	2.30%
Zone 4	1.15%

Annually, the STMD Committee (Committee) may increase the assessment rate incrementally, up to the maximum allowable rates for each zone as follows: the assessment rate in Zone 1 shall not exceed 4%; the assessment rate in Zone 2 shall not exceed 3.33%; the assessment rate in Zone 3 shall not exceed 2.66%; and the assessment rate in Zone 4 shall not exceed 1.33%, as detailed in Section V(D). The assessment rate may also be decreased by the Committee, but shall not drop below the initial assessment rates for each zone listed above.

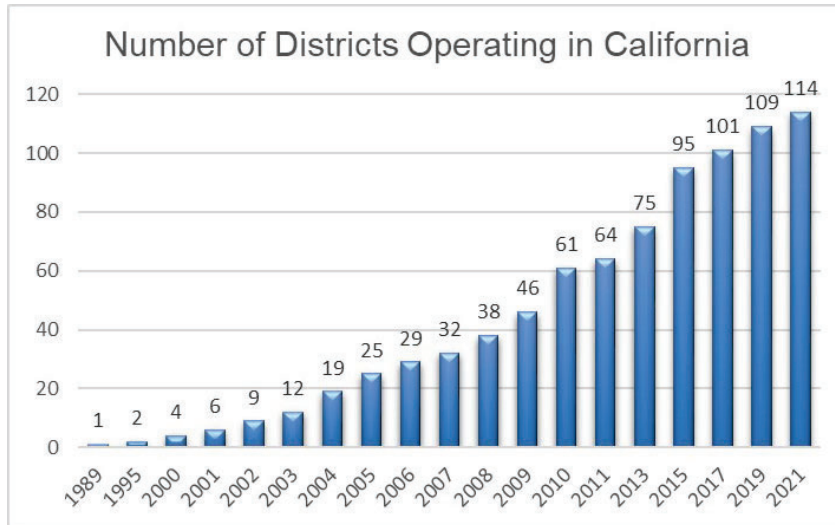
Collection: The City and County will be responsible for collecting the assessment on a monthly basis (including any delinquencies, interest, and overdue charges) from each assessed lodging business located in the boundaries of the STMD. The City and County shall take all reasonable efforts to collect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

Duration: The renewed STMD will have a ten (10) year life, beginning July 1, 2024, or as soon as possible thereafter, and ending ten (10) years from its start date. After ten (10) years, the STMD may be renewed pursuant to the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq. (94 Law) if lodging business owners support continuing the STMD programs.

Management: Visit Sacramento shall continue to serve as the STMD's Owners' Association. The Owners' Association is charged with managing funds and implementing programs in accordance with this Management District Plan (Plan) and must provide annual reports to the City Council.

II. BACKGROUND

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



California's TMDs collectively raise over \$300 million annually for local destination marketing. With competitors raising their budgets, and increasing rivalry for visitor dollars, it is important that Sacramento lodging businesses continue to invest in stable, commerce-specific marketing programs.

TMDs utilize the efficiencies of private sector operation in the market-based promotion

of tourism districts. TMDs allow lodging business owners to organize their efforts to increase commerce. Lodging business owners within the TMD pay an assessment and those funds are used to provide services that increase commerce.

In California, most TMDs are formed pursuant to the Property and Business Improvement District Law of 1994. This law allows for the creation of a benefit assessment district to raise funds within a specific geographic area. *The key difference between TMDs and other benefit assessment districts is that funds raised are returned to the private non-profit corporation governing the district.*

There are many benefits to TMDs:

- Funds must be spent on services and improvements that provide a specific benefit only to those who pay;
- Funds cannot be diverted to general government programs;
- They are customized to fit the needs of payors in each destination;
- They allow for a wide range of services;
- They are ***designed, created and governed by those who will pay*** the assessment; and
- They provide a stable, long-term funding source for tourism promotion.

III. ACCOMPLISHMENTS

Visit Sacramento is charged with generating tourism-driven economic impact to the City and unincorporated County of Sacramento.

Historically, Visit Sacramento has driven tourism primarily through meetings and conventions. While those elements remain the biggest driver of tourism to the region, Visit Sacramento has significantly grown Sacramento's tourism market share by creating music festivals like Aftershock and GoldenSky, food events like the Tower Bridge Dinner, Legends of Wine, and the Farm-to-Fork Festival, and by attracting sporting events like The World's Strongest Man and IRONMAN. Annually, the organization produces more than 300,000 hotel room nights and plays a direct role in driving all Transient Occupancy Tax collections for the City and County of Sacramento.

Visit Sacramento drives convention and meetings tourism through the following STMD funded programs:

- Attending industry tradeshow
- Attending and/or hosting sales missions and sales calls
- Organizing and hosting client familiarization trips to Sacramento
- Contracting with third-party and DMO partnerships to identify additional national associations
- Targeted outreach to ethnic and LGBTQ meeting planners
- Prospecting for potential meetings and conventions through innovative marketing campaigns, practices, personal relationships, and industry partnerships
- Mining existing and new data in customer management system to target and re-target customers
- Attending trade shows throughout the calendar year: More than 30 national events annually
- Participating in tour operator sales missions-domestic and international: i.e., Visit California events
- Offering financial and in-kind Incentives
- Offering bid support to convention, sports groups, and festivals that drive visitation to the market

Sports Tourism

- Engage with sports organizations and venue partners to identify and secure high profile amateur sporting events including a variety of NCAA events, USA Track & Field, Senior Softball, IRONMAN, international rugby and soccer, and others.
- Consistently drive more than 100,000 hotel room nights via sporting events

Leisure/Culinary Travel

- Drive Leisure visitors to Sacramento through targeted marketing campaigns centered around special events, general weekend leisure travel, holiday periods (e.g., Old Sacramento Theatre of Lights at Christmas)
- Maintain booking and marketing relationship with Expedia.com to drive and measure leisure travel room nights
- Target and aggressively pursue national and international food and agriculture conferences and conventions
- Attract outside food publications/national media to write about Sacramento's culinary scene
- Attract and work with food-centric organizations like The Michelin Guide
- Participate in co-operative marketing opportunities with other DMOs like Visit California

- Develop integrated media campaigns designed to spotlight the Sacramento region
- Develop features on the website Sacramento365.com to drive (and track) hotel bookings and to educate residents on the region's events activities

Marketing

- Convention Marketing: Annual campaigns that target Convention trade media and digital campaigns to attract groups that our city can accommodate (i.e. our convention center is big enough and we have the required number of hotel rooms)
- Travel professionals-print: Group Tour media
- Leisure travel-digital: Expedia, social media platforms (Instagram, Facebook, Twitter, TikTok, etc.), broadcast and display media buys in Bay Area, Southern/Central/Northern California, Nevada and other drive-time destinations
- Produce consistent social, video, digital and podcast content designed to inspire and entice visitors
- Market to interest-specific groups: e.g. family, Millennials, mature, LGBTQ, Hispanic, food & wine, outdoor
- Drive media coverage in the U.K. and Germany through targeted public relations
- Retain public relations representation in NYC to drive national media on Sacramento and host writers and events like Farm-to-Fork, Aftershock, GoldenSky, etc.

IV. BOUNDARY

The STMD will continue to include all lodging businesses, existing and in the future, available for public occupancy within the boundaries of the City of Sacramento and a portion of the unincorporated area of the County of Sacramento, as shown in the map on the following page. The STMD boundary does not include the cities of Citrus Heights, Elk Grove, Folsom, Galt, Isleton, or Rancho Cordova.

Lodging business means: any structure, or any portion of any structure that is permitted by the City or County of Sacramento for short-term rentals, which is occupied or intended or designed for occupancy by transients for dwelling, lodging or sleeping purposes, and includes any hotel, inn, motel, vacation rental, home sharing unit, or other similar structure or portion thereof. This definition was chosen to ensure that the specific benefits conferred by the STMD are provided only to the lodging businesses to be assessed and not to other businesses not assessed.

Transient means: any person who exercises occupancy or is entitled to occupancy by reason of concession, permit, right of access, license or other agreement for a period of thirty (30) consecutive calendar days or less, counting portions of calendar days as full days. Any such person so occupying space in a lodging business shall be deemed to be a transient until the period of thirty (30) days has expired unless there is an agreement in writing between the operator and the occupant providing for a longer period of occupancy. In determining whether a person is a transient, uninterrupted periods of time extending both, prior and subsequent to the effective date of this Plan may be considered.

A complete listing of assessed lodging businesses within the renewed STMD can be found in Appendix 2. The lodging business list was compiled from records provided by each jurisdiction. The list was developed with the most reliable information provided, however, the list may contain discrepancies due to any of the following reasons: 1) The short-term vacation rentals included in the list are businesses that have obtained a permit or license to operate as a short-term vacation rental at the time of formation, and does not include short-term vacation rentals that are not permitted or licensed to operate as a short-term vacation rental; 2) Vacation rentals may cease operation with little or no notice, and may no longer be operating as a short-term rental; and 3) the short-term vacation rental list was compiled based on the dates shown in Appendix 2, and may not include short-term vacation rentals that began operation after the dates listed.

The STMD is divided into four (4) benefit zones, based on the special benefits and privileges granted to lodging businesses in each zone. The boundaries of each zone are shown in the map on the following page. A description of the boundaries of each zone is provided below:

Zone 1: Includes Old Town, Downtown, and Midtown Sacramento. The western boundary is the Sacramento River; the northern boundary is the American River; the eastern boundary is Alhambra Boulevard; and the southern boundary is Highway 50.

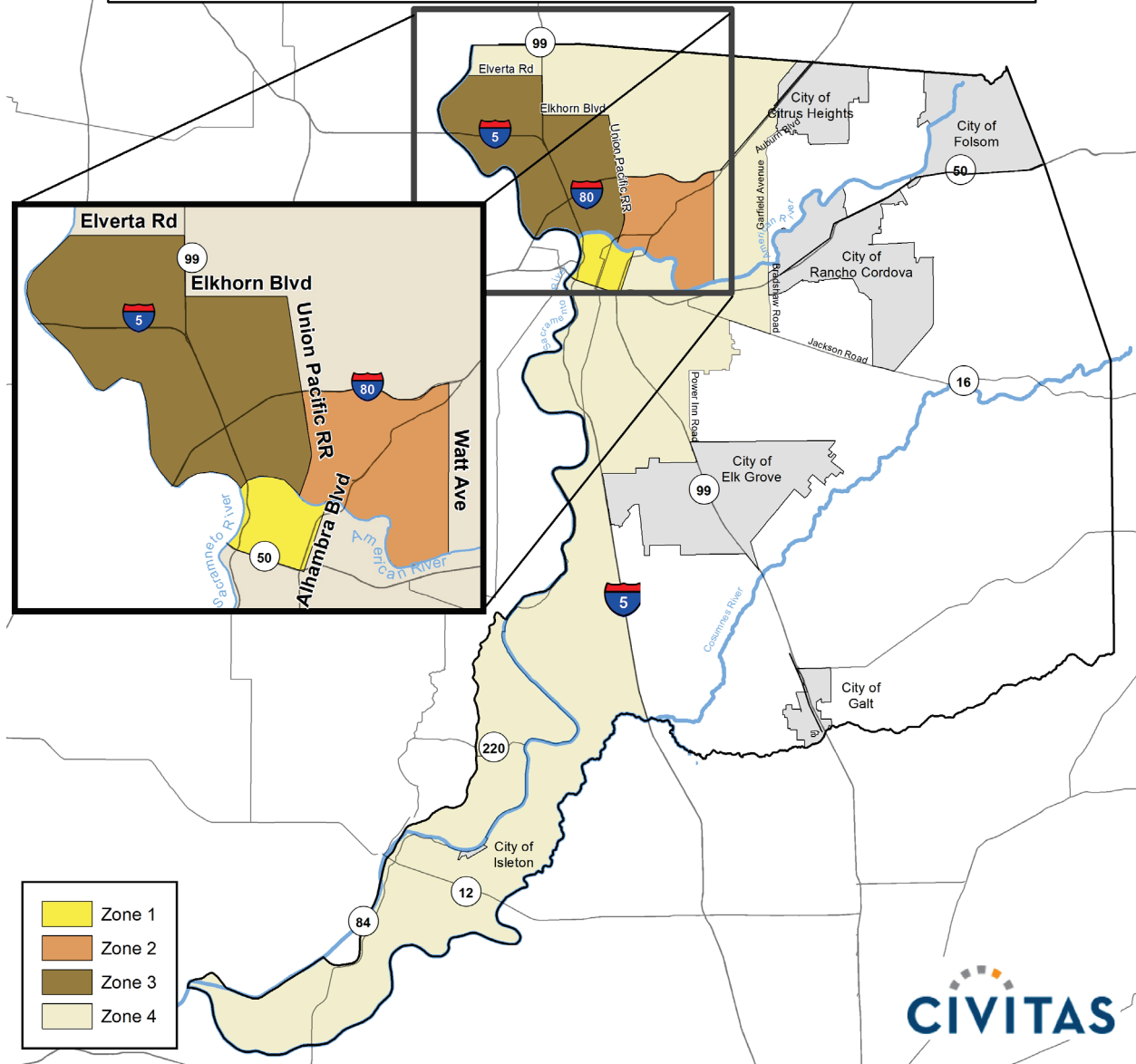
Zone 2: Includes Noralto, Del Paso Heights, and the western portion of Arden Arcade. The western boundary is the Union Pacific Railroad; the northern boundary is Interstate 80; the eastern boundary is Watt Avenue; and the southern boundary is the American River.

Zone 3: Includes Gardenland, South Natomas, North Sacramento, North Natomas, and the Sacramento International Airport. The western boundary is the Sacramento River; the northern boundary is W Elverta Road between Garden Highway and Highway 99, Highway 99 between

W Elverta Road and W Elkhorn Boulevard, and W Elkhorn Boulevard between Highway 99 and the Union Pacific Railroad; the eastern boundary is the Union Pacific Railroad; and the southern boundary is the American River.

Zone 4: Includes all remaining areas of the City and County of Sacramento that have an eastern boundary that runs along the western boundary of the city of Citrus Heights and runs southwest along Auburn Blvd before going south on Garfield Avenue. It continues to run along the city limits for Rancho Cordova after Garfield Avenue ends until Bradshaw Road. When Bradshaw Road intersects with Jackson Road the boundaries head west on Jackson Road where it heads south along the city limits of Sacramento before heading further south on Power Inn Road. When Power Inn Road intersects with the city limits of Elk Grove it runs west along the city limits of Elk Grove until meeting Interstate 5. It then runs southeast until it intersects with the Consumes River. The boundaries continue south along Consumes River until it reaches the County of Sacramento limits. The area west of Interstate 5 is included in the STMD with the exception of the city of Isleton.

Sacramento Tourism Marketing District (STMD)



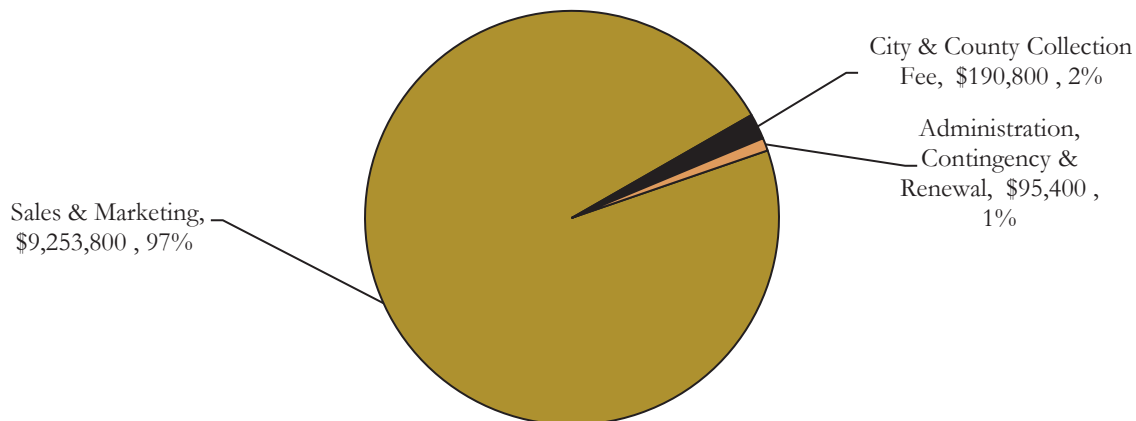
V. ASSESSMENT BUDGET AND SERVICES

A. Annual Service Plan

Assessment funds will be spent to provide specific benefits conferred or privileges granted directly to the payors that are not provided to those not charged, and which do not exceed the reasonable cost to the City of conferring the benefits or granting the privileges. The privileges and services provided with the STMD funds are sales and marketing programs available only to assessed lodging businesses. The assessment rate in each zone will be commensurate with privileges and services provided to assessed lodging businesses in each zone, as detailed in Appendix 3. If the assessment rate in any two (2) zones are equal, the privileges and services provided to assessed lodging businesses in those zones will be the same.

A service plan assessment budget has been developed to deliver services that benefit the assessed lodging businesses. A detailed annual assessment budget will be developed and approved by the Committee and the VS Board of Directors. The chart below illustrates the initial annual assessment budget allocations. These activities and allocations will also apply in subsequent years. The total initial assessment budget is estimated to be \$9,540,000.

Initial Annual Assessment Budget - \$9,540,000



Although actual revenues will fluctuate due to market conditions, the proportional allocations of the budget shall remain the same. However, the City and the VS Board of Directors shall have the authority to adjust budget allocations between the categories by no more than fifteen percent (15%) of the total budget per year. A description of the proposed programs and activities for the initial year of operation is below. The same activities are proposed for subsequent years. In the event of a legal challenge against the STMD, any and all assessment funds may be used for the costs of defending the STMD.

Each budget category includes all costs related to providing that service. For example, the sales and marketing budget includes the cost of staff time dedicated to overseeing and implementing the sales and marketing program. Staff time dedicated purely to administrative tasks is allocated to the administrative portion of the budget. The costs of an individual staff member may be allocated to

multiple budget categories. The staffing levels necessary to provide the services below will be determined by VS on an as-needed basis.

Sales and Marketing

A sales and marketing program will promote assessed lodging businesses as tourist, meeting, and event destinations. The sales and marketing program will have a central theme of promoting Sacramento as a desirable place for overnight visits. The program will have the goal of increasing demand for overnight visitation and room night sales at assessed lodging businesses, and may include but is not limited to, the following activities:

- Marketing promotion through paid ads, earned and social media, and collateral materials to drive demand for overnight visitation and room sales and to increase awareness of tourist attractions and events in Sacramento;
- Attendance at 30+ national trade shows and professional industry conferences and events annually, by the Visit Sacramento Convention Sales and Services team, to meet with certified meeting planners in order to gather new convention RFPs to drive demand for conventions and the associated room sales for assessed lodging businesses;
- Visit Sacramento's Sports & Entertainment and Convention Sales and Services staff will attend industry trade shows and work directly with third party convention planning organizations (e.g. Helms Briscoe, Conference Direct) and national event promoters to generate business leads that will result in attracting national conventions and large leisure travel group events, such as music and food festivals and amateur sporting events; and
- Communications and advocacy activities to inform and educate key stakeholders and the public;
- Internet marketing efforts to increase awareness and optimize internet presence to drive demand for overnight visitation and room sales to assessed lodging businesses;
- Print ads in magazines and newspapers, television ads, and radio ads targeted at potential visitors to drive demand for overnight visitation and room sales to assessed lodging businesses;
- Sales blitzes and campaigns, including meetings with potential tourism customers, for assessed lodging businesses;
- Familiarization tours of assessed lodging businesses;
- Preparation and production of collateral promotional materials such as brochures, flyers and maps featuring assessed lodging businesses;
- Visit Sacramento staff will meet regularly with Directors of Sales, General Managers, owners, and other lodging representatives to plan, communicate, collaborate, and report results on coordinated tourism promotion efforts for assessed lodging businesses; and
- Development and maintenance of a website designed to promote assessed lodging businesses.

City and County Administration Fee

The City of Sacramento and the County of Sacramento shall be paid a fee equal to two percent (2%) of the amount of assessment collected, within their respective jurisdictions, to cover their costs of collection and administration.

Administration, Contingency and Reserve

The administration, contingency and reserve budget shall be utilized for administrative staffing costs, office costs, and other general administrative costs such as insurance, legal, and accounting fees. The budget includes a contingency line item to account for 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 VS. Policies relating to contributions to the reserve

fund, the target amount of the reserve fund, and expenditure of monies from the reserve fund shall be set by the VS Board of Directors. The reserve fund may be used for the costs of renewing the STMD.

B. Annual Budget

The total ten (10) year assessment budget is projected at approximately \$9,540,000 annually, or \$95,400,000 through 2034 if assessment rates are not increased. If the maximum assessment rate increases are adopted, the estimated total assessment budget through 2034 is \$108,837,090. This budget is expected to fluctuate as room sales do, as businesses open and close, and if the assessment rate is increased or decreased pursuant to this Plan. The initial assessment rate for each zone is demonstrated in the following chart:

Initial Zone Assessment Rates	
Zone	Assessment Rate
Zone 1	3.45%
Zone 2	2.875%
Zone 3	2.30%
Zone 4	1.15%

Annually, the Committee may increase the assessment rate incrementally, up to the maximum allowable rates for each zone as follows: the assessment rate in Zone 1 shall not exceed four percent (4%); the assessment rate in Zone 2 shall not exceed 3.33%; the assessment rate in Zone 3 shall not exceed 2.66%; and the assessment rate in Zone 4 shall not exceed 1.33%. The assessment rate may also be decreased by the Committee, but shall not drop below the initial assessment rates for each zone listed above.

The table below demonstrates the estimated maximum assessment budget, using the highest possible assessment rate, with the assumption that the assessment rate will be increased at the earliest opportunity as it is a required disclosure, it is not the anticipated course of action. Alternate courses of action may be taken in regard to implementing the assessment rate increase other than what is demonstrated in the chart below, within the parameters of this Plan.

Estimated Annual Assessment Budget if Maximum Assessment Rates Are Adopted

Fiscal Year	Sales & Marketing	Collection Fee	Administration, Contingency & Reserve	Total
2024/2025	\$9,253,800	\$190,800	\$95,400	\$9,540,000
2025/2026	\$10,702,020	\$220,660	\$110,330	\$11,033,010
2026/2027	\$10,702,020	\$220,660	\$110,330	\$11,033,010
2027/2028	\$10,702,020	\$220,660	\$110,330	\$11,033,010
2028/2029	\$10,702,020	\$220,660	\$110,330	\$11,033,010
2029/2030	\$10,702,020	\$220,660	\$110,330	\$11,033,010
2030/2031	\$10,702,020	\$220,660	\$110,330	\$11,033,010
2031/2032	\$10,702,020	\$220,660	\$110,330	\$11,033,010
2032/2033	\$10,702,020	\$220,660	\$110,330	\$11,033,010
2033/2034	\$10,702,020	\$220,660	\$110,330	\$11,033,010
Total	\$105,571,980	\$2,176,740	\$1,088,370	\$108,837,090

The table below demonstrates the estimated maximum assessment budget with the assumption that the rates will not be increased during the STMD’s term.

Estimated Annual Assessment Budget if Maximum Assessment Rates Are Not Adopted

Fiscal Year	Sales & Marketing	Collection Fee	Administration, Contingency & Reserve	Total
2024/2025	\$9,253,800	\$190,800	\$95,400	\$9,540,000
2025/2026	\$9,253,800	\$190,800	\$95,400	\$9,540,000
2026/2027	\$9,253,800	\$190,800	\$95,400	\$9,540,000
2027/2028	\$9,253,800	\$190,800	\$95,400	\$9,540,000
2028/2029	\$9,253,800	\$190,800	\$95,400	\$9,540,000
2029/2030	\$9,253,800	\$190,800	\$95,400	\$9,540,000
2030/2031	\$9,253,800	\$190,800	\$95,400	\$9,540,000
2031/2032	\$9,253,800	\$190,800	\$95,400	\$9,540,000
2032/2033	\$9,253,800	\$190,800	\$95,400	\$9,540,000
2033/2034	\$9,253,800	\$190,800	\$95,400	\$9,540,000
Total	\$9,253,800	\$1,908,000	\$954,000	\$95,400,000

C. California Constitutional Compliance

The STMD assessment is not a property-based assessment subject to the requirements of Proposition 218. Courts have found Proposition 218 limited the term ‘assessments’ to levies on real property.¹ Rather, the STMD assessment is a business-based assessment and is subject to Proposition 26. Pursuant to Proposition 26 all levies are a tax unless they fit one of seven exceptions. Two of these exceptions apply to the STMD, a “specific benefit” and a “specific government service.” Both require that the costs of benefits or services do not exceed the reasonable costs to the City and County of conferring the benefits or providing the services.

1. Specific Benefit

Proposition 26 requires that assessment funds be expended on, “a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.”² The services in this Plan are designed to provide targeted benefits directly to assessed businesses, and are intended only to provide benefits and services directly to those businesses paying the assessment. These services are tailored not to serve the general public, businesses in general, or parcels of land, but rather to serve the specific businesses within the STMD. The activities described in this Plan are specifically targeted to increase demand for room night sales for assessed lodging businesses within the boundaries of the STMD, and are narrowly tailored. STMD funds will be used exclusively to provide the specific benefit of increased demand for room night sales directly to the assesseees. Assessment funds shall not be used to feature non-assessed lodging businesses in STMD programs, or to directly generate sales for non-assessed businesses. The activities paid for from assessment revenues are business services constituting and providing specific benefits to the assessed lodging businesses. Nothing in this Plan limits the ability of the Owners’ Association to enter into

¹ *Jarvis v. the City of San Diego* 72 Cal App. 4th 230

² Cal. Const. art XIII C § 1(e)(1)

private contracts with non-assessed lodging businesses for the provision of services to those businesses.

The assessment imposed by this STMD is for a specific benefit conferred directly to the payors that is not provided to those not charged. The specific benefit conferred directly to the payors is an increase in demand for room night sales. The specific benefit of an increase in demand for room night sales for assessed lodging businesses will be provided only to lodging businesses paying the district assessment, with marketing and sales programs promoting lodging businesses paying the STMD assessment. The marketing and sales programs will be designed to increase room night sales at each assessed lodging businesses. Because they are necessary to provide the marketing and sales programs that specifically benefit the assessed lodging businesses, the administration and contingency services also provide the specific benefit of increased demand for room night sales to the assessed lodging businesses.

2. Specific Government Service

The assessment may also be utilized to provide, “a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.”³ The legislature has recognized that marketing and promotions services like those to be provided by the STMD are government services within the meaning of Proposition 26⁴. Further, the legislature has determined that “a specific government service is not excluded from classification as a ‘specific government service’ merely because an indirect benefit to a nonpayor occurs incidentally and without cost to the payor as a consequence of providing the specific government service to the payor.”⁵

3. Reasonable Cost

STMD services will be implemented carefully to ensure they do not exceed the reasonable cost of such services. The full amount assessed will be used to provide the services described herein. Funds will continue to be managed by VS, and reports submitted on an annual basis to the City. Only assessed lodging businesses will be featured in marketing materials, receive sales leads generated from STMD-funded activities, be featured in advertising campaigns, and benefit from other STMD-funded services. Non-assessed lodging businesses will not receive these, nor any other, STMD-funded services and benefits.

The STMD-funded programs are all targeted directly at and feature only assessed lodging businesses. It is, however, possible that there will be a spill over benefit to non-assessed businesses. If non-assessed lodging businesses receive incremental room nights, that portion of the promotion or program generating those room nights shall be paid with non-STMD funds. STMD funds shall only be spent to benefit the assessed lodging businesses, and shall not be spent on that portion of any program which directly generates incidental room nights for non-assessed lodging businesses.

D. Assessment

The annual assessment rate is a percentage of gross short-term sleeping room rental revenue on lodging businesses, varied by benefit zone. In Zone 1, the initial annual assessment rate is 3.45%; in Zone 2 the initial annual assessment rate is 2.875%; in Zone 3 the initial annual assessment rate is 2.30%; and in Zone 4 the initial annual assessment rate is 1.15%. Annually, the Committee may increase the assessment rate incrementally, up to the maximum allowable rates for each zone as

³ Cal. Const. art XIII C § 1(e)(2)

⁴ Government Code § 53758(b)

⁵ Government Code § 53758(b)

follows: the assessment rate in Zone 1 shall not exceed 4%; the assessment rate in Zone 2 shall not exceed 3.33%; the assessment rate in Zone 3 shall not exceed 2.66%; and the assessment rate in Zone 4 shall not exceed 1.33%. The assessment rate may also be decreased by the Committee, but shall not drop below the initial assessment rates for each zone listed above and indicated in the chart below. Based on the benefit received, assessments will not be collected on: stays of more than thirty (30) consecutive days because STMD programs are only intended to increase short-term stays.

Initial Zone Assessment Rates	
Zone	Assessment Rate
Zone 1	3.45%
Zone 2	2.875%
Zone 3	2.30%
Zone 4	1.15%

The table below demonstrates the estimated maximum assessment rates, using the highest possible assessment rate, based on the assessment rate being increased at the earliest opportunity. The actual increases may vary subject to Committee direction. Alternate courses of action may be taken in regard to implementing the assessment rate increase other than what is demonstrated in the chart below, within the parameters of this Plan.

Fiscal Year	Zone 1	Zone 2	Zone 3	Zone 4
2024/2025	3.45%	2.875%	2.30%	1.15%
2025/2026	4.00%	3.33%	2.66%	1.33%
2026/2027	4.00%	3.33%	2.66%	1.33%
2027/2028	4.00%	3.33%	2.66%	1.33%
2028/2029	4.00%	3.33%	2.66%	1.33%
2029/2030	4.00%	3.33%	2.66%	1.33%
2030/2031	4.00%	3.33%	2.66%	1.33%
2031/2032	4.00%	3.33%	2.66%	1.33%
2032/2033	4.00%	3.33%	2.66%	1.33%
2033/2034	4.00%	3.33%	2.66%	1.33%

The assessment was calculated based on the total cost of the activities to be provided for the benefit of the lodging businesses within the STMD, with costs allocated based on the proportional benefit conferred to each assessed lodging business. Activities funded by the STMD are specifically targeted to increase demand for room nights at assessed lodging businesses. All room night sales do not represent the same benefit to the payors. For example, a higher priced room night is of greater benefit than a lower priced room night because the assessment derives greater revenue. To account for this benefit differential and to make sure the benefits are proportional, an assessment formula based on a percentage of revenue has been selected. The proposed formula accurately reflects greater benefit to assessed lodging businesses with higher priced room nights.

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

The assessment is levied upon and a direct obligation of the assessed lodging business. However, the assessed lodging business may, at its discretion, pass the assessment on to transients. The amount of assessment, if passed on to each transient, shall be disclosed in advance and separately stated from the amount of rent charged and any other applicable taxes, and each transient shall receive a receipt for payment from the business. If the STMD assessment is identified separately it shall be disclosed as the “STMD Assessment.” As an alternative, the disclosure may include the amount of the STMD assessment and the amount of the assessment imposed pursuant to the California Tourism Marketing Act, Government Code §13995 et seq. and shall be disclosed as the “Tourism Assessment.” The assessment is imposed solely upon, and is the sole obligation of the assessed lodging business even if it is passed on to transients. The assessment shall not be considered revenue for calculation of transient occupancy taxes.

Bonds shall not be issued.

E. Interest and Overdue Charges

The STMD shall reimburse the City and County of Sacramento for any costs associated with collecting unpaid assessments. If sums in excess of the delinquent STMD assessment are sought to be recovered in the same collection action by the City or County, the STMD shall bear its pro rata share of such collection costs. Assessed lodging businesses which are delinquent in paying the assessment shall be responsible for paying:

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

F. Time and Manner for Collecting Assessments

The STMD assessment will be implemented beginning July 1, 2024, or as soon as possible thereafter, and ending ten (10) years from its start date. The City and County of Sacramento will be responsible for collecting the assessment on a monthly basis (including any delinquencies, interest and overdue charges) from each assessed lodging business located in their respective jurisdictions. The City and County shall take all reasonable efforts to collect the assessments from each assessed lodging business. The City and County shall forward the assessments collected to the Owners’ Association.

VI. GOVERNANCE

A. Owners' Association

The City Council, through adoption of this Management District Plan, has the right, pursuant to Streets and Highways Code §36651, to identify the body that shall implement the proposed program, which shall be the Owners' Association of the STMD as defined in Streets and Highways Code §36612. The City Council has determined that VS will continue to serve as the Owners' Association for the STMD. VS has authorized the STMD Committee (Committee) to continue to manage STMD funds and activities as detailed below.

B. Committee Structure

The Committee will continue to be charged with preparing and approving the budget for STMD funds and programs. The Committee will continue to be operated in accordance with the following guidelines.

1. The Committee shall have at least seven (7) and no more than eleven (11) members. All committee members shall be representatives of assessed lodging businesses. Reasonable efforts shall be undertaken to include representatives from each zone based on the approximate contributions by zone.
2. All Committee members shall serve three (3) year terms.
3. Committee members may serve two (2) consecutive three (3) year terms plus one (1) partial term (less than three [3] years) if selected to fill a mid-term vacancy. No Committee member who has served two (2) full consecutive three (3) year terms shall be eligible for reappointment until one (1) year has intervened from the date of retirement from the Committee. Each Committee member shall serve until expiration of the term for which appointed and until a successor has been appointed.
4. Committee members, including those selected to fill vacancies, shall be selected by the Sacramento Hotel Association's Board of Directors. Committee members shall select a Chairperson, Vice Chairperson, and such other Committee officers as the Committee shall deem necessary.
5. No fewer than fifty percent (50%) of VS's Executive Committee shall be representatives of lodging businesses paying the STMD assessment.
6. All members of the Committee shall be members of the VS Board of Directors.

C. Brown Act and California Public Records Act Compliance

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

D. Annual Report

VS shall present an annual report at the end of each year of operation to the City Council pursuant to Streets and Highways Code §36650 (see Appendix 1). The annual report shall include:

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

APPENDIX 1 – LAW

*** THIS DOCUMENT IS CURRENT THROUGH THE 2023 SUPPLEMENT ***
(ALL 2022 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 (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code), for all records relating to activities of the district.

36614. “Property”

“Property” means real property situated within a district.

36614.5. “Property and business improvement district”; “District”

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

36614.6. “Property-based assessment”

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

36614.7. “Property-based district”

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

36615. “Property owner”; “Business owner”; “Owner”

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

36615.5. “Special benefit”

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

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

36616. “Tenant”

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

ARTICLE 3. Prior Law

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

This part provides an alternative method of financing certain improvements and activities. The provisions of this part shall not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes. Every improvement area established pursuant to the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500) of this division) is valid and effective and is unaffected by this part.

CHAPTER 2. Establishment

36620. Establishment of property and business improvement district

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

36620.5. Requirement of consent of city council

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

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

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

36622. Contents of management district plan

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

- (a) If the assessment will be levied on property, a map of the district in sufficient detail to locate each parcel of property and, if businesses are to be assessed, each business within the district. If the assessment will be levied on businesses, a map that identifies the district boundaries in sufficient detail to allow a business owner to reasonably determine whether a business is located within the district boundaries. If the assessment will be levied on property and businesses, a map of the district in sufficient detail to locate each parcel of property and to allow a business owner to reasonably determine whether a business is located within the district boundaries.
- (b) The name of the proposed district.
- (c) A description of the boundaries of the district, including the boundaries of benefit zones, proposed for establishment or extension in a manner sufficient to identify the affected property and businesses included, which may be made by reference to any plan or map that is on file with the clerk. The boundaries of a proposed property assessment district shall not overlap with the boundaries of another existing property assessment district created pursuant to this part. This part does not prohibit the boundaries of a district created pursuant to this part to overlap with other assessment districts established pursuant to other provisions of law, including, but not limited to, the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500)). This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with another business assessment district created pursuant to this part. This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with a property assessment district created pursuant to this part.
- (d) The improvements, maintenance, and activities proposed for each year of operation of the district and the estimated cost thereof. If the improvements, maintenance, and activities proposed for each year of operation are the same, a description of the first year's proposed improvements, maintenance, and activities and a

statement that the same improvements, maintenance, and activities are proposed for subsequent years shall satisfy the requirements of this subdivision.

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

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

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

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

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

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

(k)

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

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

(3) In a property-based district, properties throughout the district may share the same special benefits. In a district with boundaries that define which parcels are to receive improvements, maintenance, or activities over and above those services provided by the city, the improvements, maintenance, or activities themselves may constitute a special benefit. The city may impose assessments that are less than the proportional special benefit conferred, but shall not impose assessments that exceed the reasonable costs of the proportional special benefit conferred. Because one or more parcels pay less than the special benefit conferred does not necessarily mean that other parcels are assessed more than the reasonable cost of their special benefit.

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

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

36623. Procedure to levy assessment

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

(b) If a city council proposes to levy a new or increased business assessment, the notice and protest and hearing procedure shall comply with Section 54954.6 of the Government Code, except that notice shall be mailed to the owners of the businesses proposed to be assessed. A protest may be made orally or in writing by any interested person. Every written protest shall be filed with the clerk at or before the time fixed for the

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

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

36624. Changes to proposed assessments

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

36625. Resolution of formation

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

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

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

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

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

36627. Notice and assessment diagram

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

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

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

36628.5. Assessments on businesses or property owners

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

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

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

36630. Expiration of district; Creation of new district

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

CHAPTER 3. Assessments

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

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

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

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

36633. Time for contesting validity of assessment

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

36634. Service contracts authorized to establish levels of city services

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

36635. Request to modify management district plan

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

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

- (a) Upon the written request of the owners' association, the city council may modify the management district plan after conducting one public hearing on the proposed modifications. The city council may modify the improvements and activities to be funded with the revenue derived from the levy of the assessments by adopting a resolution determining to make the modifications after holding a public hearing on the proposed modifications. If the modification includes the levy of a new or increased assessment, the city council shall comply with Section 36623. Notice of all other public hearings pursuant to this section shall comply with both of the following:
 - (1) The resolution of intention shall be published in a newspaper of general circulation in the city once at least seven days before the public hearing.
 - (2) A complete copy of the resolution of intention shall be mailed by first class mail, at least 10 days before the public hearing, to each business owner or property owner affected by the proposed modification.
- (b) The city council shall adopt a resolution of intention which states the proposed modification prior to the public hearing required by this section. The public hearing shall be held not more than 90 days after the adoption of the resolution of intention.

36637. Reflection of modification in notices recorded and maps

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

CHAPTER 3.5. Financing

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

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

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

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

CHAPTER 4. Governance

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

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

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

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

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

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

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

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

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

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

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

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

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

CHAPTER 5. Renewal

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

- (a) Any district previously established whose term has expired, or will expire, may be renewed by following the procedures for establishment as provided in this chapter.
- (b) Upon renewal, any remaining revenues derived from the levy of assessments, or any revenues derived from the sale of assets acquired with the revenues, shall be transferred to the renewed district. If the renewed district includes additional parcels or businesses not included in the prior district, the remaining revenues shall be spent to benefit only the parcels or businesses in the prior district. If the renewed district does not include parcels or businesses included in the prior district, the remaining revenues attributable to these parcels shall be refunded to the owners of these parcels or businesses.
- (c) Upon renewal, a district shall have a term not to exceed 10 years, or, if the district is authorized to issue bonds, until the maximum maturity of those bonds. There is no requirement that the boundaries, assessments, improvements, or activities of a renewed district be the same as the original or prior district.

CHAPTER 6. Disestablishment

36670. Circumstances permitting disestablishment of district; Procedure

- (a) Any district established or extended pursuant to the provisions of this part, where there is no indebtedness, outstanding and unpaid, incurred to accomplish any of the purposes of the district, may be disestablished by resolution by the city council in either of the following circumstances:
 - (1) If the city council finds there has been misappropriation of funds, malfeasance, or a violation of law in connection with the management of the district, it shall notice a hearing on disestablishment.
 - (2) During the operation of the district, there shall be a 30-day period each year in which assesseses may request disestablishment of the district. The first such period shall begin one year after the date of establishment of the district and shall continue for 30 days. The next such 30-day period shall begin two years after the date of the establishment of the district. Each successive year of operation of the district shall have such a 30-day period. Upon the written petition of the owners or authorized representatives of real property or the owners or authorized representatives of businesses in the district who pay 50 percent or more of the assessments levied, the city council shall pass a resolution of intention to disestablish the district. The city council shall notice a hearing on disestablishment.
- (b) The city council shall adopt a resolution of intention to disestablish the district prior to the public hearing required by this section. The resolution shall state the reason for the disestablishment, shall state the time and place of the public hearing, and shall contain a proposal to dispose of any assets acquired with the revenues of the assessments levied within the property and business improvement district. The notice of the hearing on disestablishment required by this section shall be given by mail to the property owner of each parcel or to the owner of each business subject to assessment in the district, as appropriate. The city shall conduct the public hearing not less than 30 days after mailing the notice to the property or business owners. The public hearing shall be held not more than 60 days after the adoption of the resolution of intention.

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

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

APPENDIX 2 – ASSESSED BUSINESSES

Business Name	Business Address	City	State	Zip
Alex Pakter	15433 Andrus Island Rd	Isleton	CA	95641
Alfatly	6542 Matterhorn Dr	Sacramento	CA	95842
Amanda Mahbobi	3310 Brookwood Road	Sacramento	CA	95821
American Inn	626 16th St	Sacramento	CA	95814
Arden Acres	2421 Clay St	Sacramento	CA	95815
Arden Star Hotel	1413 Howe Avenue	Sacramento	CA	95825
B & W Resort Marina	964 Brannan Island Rd	Isleton	CA	95641
Best Budget Inn	986 El Camino Ave	Sacramento	CA	95815
Best Six Motel	5969 Stockton Blvd	Sacramento	CA	95817
Best Western Capital City	15 Massie Ct	Sacramento	CA	95823
Budget Inn & Suites	3721 Watt Ave	Sacramento	CA	95821
Capital City Inn	430 16th St	Sacramento	CA	95814
Chang Guo	3544 Eisenhower Dr	Sacramento	CA	95826
Chris Webb	2106 Trimble Way	Sacramento	CA	95825
Citizen Hotel	926 J St	Sacramento	CA	95814
Comfort Inn & Suites	21 Howe Ave	Sacramento	CA	95826
Comfort Suites	226 Jibboom St	Sacramento	CA	95811
Congress Hotel	916 12th St	Sacramento	CA	95814
Courtyard Sac - Cal Expo	1782 Tribute Rd	Sacramento	CA	95815
Courtyard Sac - Sacramento	4422 Y St	Sacramento	CA	95817
Crossroads Inn	221 Jibboom St	Sacramento	CA	95811
Deville Motel	2756 Stockton Blvd	Sacramento	CA	95817
Doubletree	2001 Point West Way	Sacramento	CA	95815
Econolodge Downtown	711 16th St	Sacramento	CA	95814
Economy Inn	939 El Camino Ave	Sacramento	CA	95815
Embassy Suites	100 Capitol Mall	Sacramento	CA	95814
Exchange Hotel, Curio	1006 4th St	Sacramento	CA	95814
Executive Inn & Suites - Bannon	216 Bannon St	Sacramento	CA	95811
Extended Stay America - Gateway	2810 Gateway Oaks Dr	Sacramento	CA	95833
Extended Stay America - Harvard	2100 Harvard St	Sacramento	CA	95815
Extended Stay America - Rosin	3825 Rosin Ct	Sacramento	CA	95834
Fairfield Inn	1780 Tribute Rd	Sacramento	CA	95815
Fairfield Inn & Suites - Natomas	2730 El Centro Road	Sacramento	CA	95833
Farhaz Mohammed	5133 Janell Way	Carmichael	CA	95608
Fort Sutter Tapestry	2726 Capitol Ave	Sacramento	CA	95816
Four Points by Sheraton	4900 Duckhorn Dr	Sacramento	CA	95834
Freedom Of Flow	9132 Feather River Way	Sacramento	CA	95826
Gold Star Inn	6610 Stockton Blvd	Sacramento	CA	95823
Governors Inn	210 Richards Blvd	Sacramento	CA	95811

Grand Island Mansion	13415 Grand Island Rd	Walnut Grove	CA	95690
Greens Hotel - Del Paso	1700 Del Paso Blvd	Sacramento	CA	95815
Greens Hotel - Stockton	4331 Stockton Blvd	Sacramento	CA	95820
Hampton Inn & Suites 65th St	1875 65th St	Sacramento	CA	95819
Hampton Inn & Suites Natomas	3021 Advantage Way	Sacramento	CA	95834
Hampton Inn Suites	2230 Auburn Blvd	Sacramento	CA	95821
Henry Ung Inc	4940 Pasadena Ave Unit #4	Sacramento	CA	95841
Hilton Garden Inn Airport	20 Advantage Ct	Sacramento	CA	95834
Hilton Garden Inn Sacramento	2540 Venture Oaks Way	Sacramento	CA	95833
Hilton Sacramento	2200 Harvard St	Sacramento	CA	95815
Holiday Inn	300 J St	Sacramento	CA	95814
Holiday Inn Express Cal Expo	2224 Auburn Blvd	Sacramento	CA	95821
Holiday Inn Express Natomas	2981 Advantage Ln	Sacramento	CA	95834
Homewood Suites	3001 Advantage Way	Sacramento	CA	95834
Hyatt Centric	1122 7th St	Sacramento	CA	95814
Hyatt House	2719 K St	Sacramento	CA	95816
Hyatt Regency	1209 L St	Sacramento	CA	95814
Inn and Spa at Parkside	2116 6th St	Sacramento	CA	95818
Inn Off Capitol Park	1530 N St	Sacramento	CA	95814
Irish Cottage	3650 Los Alamos Way	Sacramento	CA	95864
Khanna Enterprises DBA Crowne Plaza	5321 Date Ave.	Sacramento	CA	95841
Kimpton	500 J St	Sacramento	CA	95814
La Quinta Inn	4604 Madison Ave	Sacramento	CA	95841
La Quinta Inn	200 Jibboom St	Sacramento	CA	95811
Lakeside Escape	1014 Ski Park Court	Rio Linda	CA	95673
Larkspur Landing Hotel	555 Howe Ave	Sacramento	CA	95825
Lionsgate Hotel	3410 Westover St	McClellan	CA	95652
Locke B&B	13959 Main St	Walnut Grove	CA	95690
MBA Investments Team, LLC	2606 Park Hills Drive	Sacramento	CA	95821
McGregor	3040 Mountain View Ave	Sacramento	CA	95821
Med Park Inn & Suites	2356 Stockton Blvd	Sacramento	CA	95817
Mega Inn	4600 Watt Ave	North Highlands	CA	95660
Michael Farrace	3670 Fair Oaks Boulevard	Sacramento	CA	95864
Mina Geramian	1137 Singingwood Rd	Sacramento	CA	95864
Motel 6 College Town	7850 College Town Dr	Sacramento	CA	95826
Motel 6 Downtown	1415 30th St	Sacramento	CA	95816
Motel 6 Interstate	5110 Interstate Ave	Sacramento	CA	95842
Motel 6 Jibboom	227 Jibboom St	Sacramento	CA	95811
Motel 6 Sacramento South	7407 Elsie Ave	Sacramento	CA	95605
Motel 6/Studio 6	3796 Northgate Bl	Sacramento	CA	95834

National Corp Housing				
Oasis Inn	18 Massie Ct	Sacramento	CA	95823
Once Upon a Time Prop. LLC	13870 Hwy 160 (River Rd)	Walnut Grove	CA	95690
Orchard Hospitality LLC	8058 Orchard Loop Ln	Elk Grove	CA	95624
Prestigious Arden Park Rental	4163 Los Coches Way	Sacramento	CA	95864
Quality Inn	7780 Stockton Blvd	Sacramento	CA	95823
Quality Inn - 15th St	818 15th St	Sacramento	CA	95814
Quality Inn - Jibboom	228 Jibboom St	Sacramento	CA	95811
Ramada Sacramento	2600 Auburn Blvd	Sacramento	CA	95821
Red Roof Inn	4325 Watt Ave	Sacramento	CA	95821
Residence Inn - Capital Bank	1121 15th St	Sacramento	CA	95814
Residence Inn - Natomas	2618 Gateway Oaks Dr	Sacramento	CA	95833
Residence Inn Sacramento #2	1530 Howe Ave.	Sacramento	CA	95825
Riverboat Delta King	1000 Front St	Sacramento	CA	95814
Roberta Walker	3037 Bertis Dr	Sacramento	CA	95821
Rochelle Gauthier	2775 Gold Point Way	Sacramento	CA	95827
Rodeway Inn - Howe	25 Howe Ave	Sacramento	CA	95826
Roy Inn	1319 30th St	Sacramento	CA	95816
Royal 8 Inn	6448 Stockton Blvd	Sacramento	CA	95823
Rumen Pancharevski	9046 Kiefer Blvd.	Sacramento	CA	95826
Sacramento 49er Travel Plaza	2828 El Centro Rd	Sacramento	CA	95833
Sacramento Element	3681 N Freeway Blvd	Sacramento	CA	95834
Sacramento Hostel	925 H St	Sacramento	CA	95814
Sacramento Natomas Courtyard	2101 River Plaza Dr	Sacramento	CA	95833
Sandman Motel	236 Jibboom	Sacramento	CA	95811
Sands Motel	2160 Auburn Blvd	Sacramento	CA	95821
Sheraton Grand	1230 J St	Sacramento	CA	95814
Sky Riders Motel	6100 Freeport Blvd	Sacramento	CA	95822
Springhill Suites Natomas	2555 Venture Oaks Way	Sacramento	CA	95833
Stardust Motel	8637 Folsom Blvd	Sacramento	CA	95826
Sterling Hotel	1300 H St	Sacramento	CA	95814
Super 8 - Airport	2654 El Centro Rd.	Sacramento	CA	95833
Super 8 - Madison	4317 Madison Ave.	Sacramento	CA	95842
Super 8 Motel - 55th	7216 55th St	Sacramento	CA	95823
Supreme Stay LLC	6920 Shady Woods Way	Rio Linda	CA	95673
Sure Stay - Cal Expo	1900 Canterbury Rd	Sacramento	CA	95815
SureStay - North	350 Bercut Dr	Sacramento	CA	95811
Surf Motel	3204 Auburn Blvd	Sacramento	CA	95821
Suzanne Goldschmidt Airbnb	3331 Cosmos Ave	Sacramento	CA	958645603
The Delta Estate	19900 Sherman Island Cross Rd	Rio Vista	CA	94571
The Villas at Arden Hills	1210 Arden Hills Lane	Sacramento	CA	95864
TownePlace Suites - Cal Expo	1784 Tribute Rd	Sacramento	CA	95815

TownePlace Suites - Natomas	4090 E Commerce Way	Sacramento	CA	95834
Travelodge	9646 Micron Ave	Sacramento	CA	95827
Travelodge (fka Inn at Capitol)	623 16th St	Sacramento	CA	92814
Utterback Short Term Rental	2335 Maryal Dr	Sacramento	CA	95655
Vagabond Inn - 244 Old Town	909 3rd St	Sacramento	CA	95814
VDAHL Enterprises	2324 Granite Way	Sacramento	CA	95821
Vieira's Resort	15476 State Highway 160	Isleton	CA	95641
Vince's Motel	9515 Folsom Blvd	Sacramento	CA	95827
Vizcaya - Elite Event Centre	2019 21st St	Sacramento	CA	95818
Westin	4800 Riverside Blvd	Sacramento	CA	95822
Winnies World	2924 Leta Lane	Sacramento	CA	95821
Wyndham Garden Sacramento	2298 Terracina Dr	Sacramento	CA	95834
Zephyr Winds Rentals LLC - Harmanjeet	3215 Dierssen Road	Elk Grove	CA	95757
1101 Yale St				
1143 W El Camino				
1149 4th Ave				
1200 38th St				
1212 22nd St				
1215 22nd St				
130 Caravaggio				
1331 56th St				
1359 7th Av				
1365 56th St				
1412 V St				
1414 C St				
1417 25th St				
1420 26th St				
1518 Q St				
1609 26th St				
1609 U St				
1611 26th St				
1630 F St				
1631 26th St				
1815 Q St				
1831 G St				
1890 Bandon Way				
1906 3rd Ave				
1924 N St				
1933 Vallejo Way				
2011 17th St				
205 Dragonfly				
2082 57th St				

2125 Government Alley				
2130 22nd St				
2165 Coroval Dr				
2207 4th St				
2216 24th St				
2405 P St				
2428 K ST				
2510 P St				
2512 John Glenn Way				
2524 8th Ave				
2566 16th St				
2620 U St				
2782 Trigo Way				
2814 G St				
2925 Mahaska Way				
300 Picasso Cir				
3008 61st St				
3132 43rd St				
3174 Chinatown Aly				
3301 Huntsman				
3348 40th St				
3370 Zenobia Way				
3509 1st Ave				
3848 65th St				
390 Caravaggio Cir				
3904 E Commerce Way				
4002 Porcupine Aly				
4033 55th St				
408 26th St				
4309 53rd St				
4322 4th Ave				
4415 4th Ave				
4624 13th Ave				
4919 Winamac Dr				
4922 Kokomo Dr				
501 Bowman Ave				
5121 Kenmar Rd				
5125 U St				
5135 Rio Linda Blvd				
519 Blackwood St				
5266 Kokomo Dr				
554 Garden St				
5607 State Ave				

58 De Fer				
5983 Mack Rd				
617 23rd St				
621 40th St				
630 19th St				
650 Dittmar Way				
670 Wendell Echols Way				
717 17th St				
7663 Pocket Rd				
8294 Sunny Creek				
8397 Jackson Rd				
848 38th St				
8616 Midfield				
967 38th St				
Aaron & Erika Nunley				
Aya Simplehome				
Bill Johnston				
Capital Journey				
Casa Del Sol				
Chalet Hospitality				
Diana Weghorst				
Dorsey Griffith				
East Sac Hive				
Jacqueline Brown				
Jill's Airbnb				
Land Park Poolside Paradise				
Leave it Lynis				
Leslie Willson				
Luis Navarro				
Marsha Roberts				
Matthew Ayson				
Matthew Lechowick				
Mia Casa				
Mica Gate LLC				
Pamela Cameron				
Peter Palko				
Private Charming Guesthouse				
Rashel Adragna				
Riley Casita				
Serge Morgan				
Son Dinh				
Tatiana Dolgina				
Trouvaille Investments				

Yabut				
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APPENDIX 3 – ZONE BENEFITS (ZB)

Visit Sacramento engaged Smith Travel Research (STR) to conduct a study that uses daily hotel-provided data from STR's proprietary databases to explore how VS's sales programs (listed below) and room night leads impact hotels across the four STMD zones. Although the hotel-provided data from STR is used in this analysis, the findings from the study present data which is aggregated to protect the confidentiality of the individual hotels.

ZB.1 Convention Center Sales

Conventions targeted by the execution of sales programs designed to produce District lodging meeting leads and room night sales demand for convention center users include, but are not limited to, professional and/or affinity group conferences, organizations or associations of meeting planners, business group clients, third party planners and individuals. Additional activities include, but are not limited to, the deployment of a direct sales force tasked to attend sales conferences, prospect for new clients, and make sales calls on meeting planners, association and business group clients, third party planners and individuals.

- Typical expenses include District-related trade show exhibit space rental, equipment rentals, outside contractors, bid and sponsorship fees, travel and entertainment, collateral, promotional items, information technology, market intelligence, research, and performance audits. Additional direct expenses may include District-related sales personnel salary, commissions, benefits, training, travel and entertainment, remote sales offices, collateral, promotional items, information technology, market intelligence, research, and performance audits.
- Typical indirect expenses include related contractor executive management, information technology support, and general and administrative overhead.

ZB.2 Group Sales and Direct Marketing Programs

Groups targeted by the execution of sales programs designed to produce District lodging meeting leads and room night sales demand for group business include, but are not limited to, professional and/or affinity group conferences, organizations or associations of meeting planners, business group clients, third party planners and individuals. Direct Marketing activities include, but are not limited to, the placement of advertisements to targeted affinity group organizations through various mediums such as business leisure, association and trade publications to directly influence the production of District lodging meeting leads and room night sales through conferences, meeting planners, individuals, associations, and group clients.

- Typical group sales program expenses include District-related trade show exhibit space rental, equipment rentals, outside contractors, bid and sponsorship fees, travel and entertainment, collateral, promotional items, information technology, market intelligence, research, and performance audits.
- Typical group sales program indirect expenses include related contractor executive management, information technology support, and general and administrative overhead.
- Typical group sales direct marketing expenses include advertising costs, agency fees, production, printing, distribution costs, District-related personnel salary, commissions, benefits, training, travel, collateral, promotional items, information technology, market intelligence, research, and performance audits.
- Typical group sales direct marketing indirect expenses include related information technology support, and general and administrative overhead.

ZB.3 Tourism/Travel and Trade Sales

Activities related to the execution of sales programs designed to produce District group meeting leads and room night sales demand include, but are not limited to, the deployment of a direct sales force to make calls on tour operators, travel agents, group tour leaders, inbound receptive operators, and attend domestic and international travel and trade shows.

- Typical expenses include District-related sales personnel salary, commissions, benefits, training, remote international sales office representation, trade show exhibit space rental, set up and break down, collateral material, promotional items, travel and entertainment, information technology, market intelligence, research, and performance audits.
- Typical indirect expenses include related information technology support, and general and administrative overhead.

ZB.4 Sports Commission Sales

Activities related to the development and execution of sporting events dedicated to the production of District lodging meeting leads and individual room night demand include, but are not limited to, branding Sacramento as an ideal destination for a variety of sports, raising the profile of Sacramento as a world-class sports destination, owning and operating sports properties that align with our business objectives, continuing to build and grow our services package, providing sports-specific content to be published in local, regional, national and international media, and creating a successful experience for event promoters that will generate interest and eventual bookings by events rights holders, community sports groups and local venue owners.

- Typical expenses include District-related personnel salary, commissions, benefits, outside contractors, rights fees, collateral, promotional items, information technology, market intelligence, research, and performance audits.
- Typical indirect expenses include related contractor event management, information sales and marketing support, and general and administrative overhead.

ZB.5 Film Commission Sales

Activities related to the execution of sales programs designed to produce District group meeting leads and room night sales demand include, but are not limited to, the deployment of direct sales calls on location scouts, commercial production houses, production companies and studios, attend Southern California film industry trade shows, and host familiarization visits for location professionals and producers.

- Typical expenses include District-related sales personnel salary, benefits, local and state film incentives, trade show exhibit space rental, set up and break down, collateral material, promotional items, travel and entertainment, inbound site visits, market intelligence, research, and performance audits.
- Typical indirect expenses include related information technology support, and general and administrative overhead.

ZB.6 Event Management

Activities related to the development and execution of special events dedicated to the production of District lodging meeting leads and individual room night demand include, but are not limited to, branding Sacramento as an ideal event destination, raising the profile of Sacramento both internally and externally, continuing to build and support America's Farm-to-Fork Capital brand, providing content to be published in local, regional and national media, and creating a successful attendee experience that will generate interest and buy-in from event planners, business group clients, and local residents and out-of-town visitors.

- Typical expenses include District-related personnel salary, commissions, benefits, outside contractors, rights fees, collateral, promotional items, information technology, market intelligence, research, and performance audits.
- Typical indirect expenses include related contractor event management, information sales and marketing support, and general and administrative overhead.

ZB.7 Consumer Direct Marketing Programs

Activities related to the placement of web-based consumer direct advertising campaigns include, but are not limited to, advertising and dedicated Online Travel Agency (OTA) campaigns that have call-to-actions giving special privileges and benefits only to District assessed lodging businesses.

- Typical expenses include production and advertising costs, District-related personnel salary, commissions, benefits, training, travel, collateral material, promotional items, information technology, market intelligence, research, and performance audits.
- Typical indirect expenses include information technology support, and general and administrative overhead.

ZB.8 Long-Term Convention, Sports, Tourism and Film

Activities related to the strategic development of long-term sales and marketing planning to ensure production of District lodging meeting leads and room night sales demand include, but are not limited to, strategies that ensure repeat business, return visits and positive word of mouth.

- Typical expenses could include, but are not limited to, District destination master plans, board retreats, contractor executive management, industry white papers, consultant fees, promotional items, market intelligence, research, and performance audits.
- Typical indirect expenses could include related information technology support, and general and administrative overhead.

ZB.9 Zone Marketing Dollars

The District includes zone marketing dollars for specific marketing programs in each zone. Hotel managers from each zone have a voice in how their collective zone marketing dollars are spent. Five percent of the District budget is dedicated to individual zones proportionate to the collections in each zone for activities that promote, support and enhance marketing efforts specific to each zone. Each zone receives 5 percent of the amount collected within the zone to fund eligible programs and activities.

- Typical expenses include event support, transportation, trade show and travel expenses, collateral, promotional items, and performance audits.
- Typical indirect expenses include related information technology support, and general and administrative overhead.

<u>Benefit Category</u>	<u>Zone 1</u>	<u>Zone 2</u>	<u>Zone 3</u>	<u>Zone 4</u>	<u>Total</u>
ZB.1: Convention Center Sales	70%	20%	7%	3%	100%
ZB.2: Group Sales and Direct Marketing Programs	40%	35%	25%		100%
ZB.3: Tourism/Travel and Trade Sales	60%	8%	25%	7%	100%
ZB.4: Sports Commission Sales	29%	23%	13%	35%	100%
ZB.5: Film Commission Sales	13%	29%	35%	23%	100%
ZB.6: Event Management	40%	35%	25%		100%
ZB.7: Consumer Direct Marketing Programs	40%	35%	25%		100%
ZB.8: Long-Term Convention, Sports, Tourism and Film	35%	29%	23%	13%	100%
ZB.9: Zone Marketing Dollars	53%	27%	13%	7%	100%