



3.6

DEVELOPMENT SERVICES
DEPARTMENT

DEVELOPMENT ENGINEERING
AND FINANCE

CITY OF SACRAMENTO
California

SPECIAL DISTRICTS
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May 14, 2004

City Council
Sacramento, California

Honorable Members in Session:



**SUBJECT: DOWNTOWN SACRAMENTO MANAGEMENT DISTRICT (FY 2004/05)
RESOLUTION OF INTENTION TO LEVY AND COLLECT ASSESSMENTS**

LOCATION AND COUNCIL DISTRICT:

The Downtown Sacramento Management District (DSMD) is located in Council District 1 and 3. The district is comprised of approximately 66 City blocks and includes 468 individual parcels of land (see Attachment A).

RECOMMENDATION:

This report recommends that City Council adopt the attached resolution:

- Adopting a Resolution of Intention to levy and collect assessments for FY 2004/05 and set the public hearing for June 22, 2004.

CONTACT PERSON: Sini Makasini, Administrative Analyst, 808-7967

FOR COUNCIL MEETING OF: June 1, 2004

SUMMARY:

The DSMD was established to provide funding for security, maintenance and business support services to the downtown area. The district is managed by the Downtown Sacramento Partnership. The recommended Council action is to adopt the attached Resolution of Intention (ROI) to levy and collect assessments for 20004/05. The proposed budget of \$1,621,212 was adjusted 1.8% for inflation from the FY 2003/04 budget.

COMMITTEE/COMMISSION ACTION:

None.

BACKGROUND INFORMATION:

The DSMD was approved by City Council on June 13, 1995 for an initial five (5) year term and again on June 6, 2000 in accordance with the Property and Business Improvement District Area Law of 1994. The district provides funding for the following services in a 66-City block area of downtown and Old Sacramento:

- Guide Program - The program will provide for trained security guides who will patrol the district 12 hours a day, 7 days a week. The guides will act as the eyes and ears of downtown and will assist in the prevention of crime. In addition to providing enhanced security, the guides will be trained to direct pedestrians to shopping and business destinations and will be knowledgeable of downtown promotions and events.
- Maintenance - The maintenance services include a Clean Streets Program and City Sweep Program. The Clean Streets Program will provide street custodians to maintain sidewalks and alleys by sweeping, steam cleaning and related surface maintenance control issues. The frequency of service for the sidewalks and alleys will vary in each sub-district with the most frequent being twice weekly on the K Street corridor. The City Sweep Program will provide mobile sweep crews for litter and graffiti removal 7 days a week. These crews will augment security guides to discourage litter and graffiti.
- Business Support - The Management District will provide a unified marketing program in an effort to allow the public to view the downtown as a single destination with a rich collection of attractions, events and services. Goals of revitalization include increased customer traffic, occupancies, sales and property values.

The properties within the district are categorized in four sub-districts (benefit zones). The assessment rates for each sub-district are based on the levels of service and benefit received. Assessment rates are determined as a cost per square foot of parcel area and cost per square foot of building area.

The Downtown Sacramento Partnership has prepared the annual report, which is on file with the City Clerk. The report addresses the current and proposed budgets and services to be provided under the proposed budget. The management district's Board of Director's is recommending that the rates be adjusted by 1.8% (percent) for inflation as provided for under the Property and Business Improvement District Law.

FINANCIAL CONSIDERATIONS:

City Participation: The City of Sacramento is fully participating as a property owner in the District. All costs associated with the services and administration of this district will be financed by the property owners. The total budget for the fourth year of District operation is summarized as follows:

TABLE 1
 TOTAL COSTS

Program Activities	Annual Budget
Safety/Guides Program	\$577,503
Maintenance	\$423,135
Business Support, Recruitment & Public Information	\$393,027
Administration	\$220,547
City Formation & Administration	\$7,000
TOTAL BUDGET 2004/2005	\$1,621,212

The Downtown Management District will receive benefit assessments based on the Property and Business Improvement District Law of 1994. The properties within the District are split into four (4) benefit zones. The assessment rates for each zone are based on the level of service to reflect benefits received. Assessment rates are based on a cost per square foot of parcel area and cost per square foot of building area. The assessment rates by sub-district are listed in Table 2.

TABLE 2
 ASSESSMENT RATES

No.	Sub-District Name	Cost/Sq.Ft./Parcel	Cost/Sq.Ft./Bldg.
1	1. K Street	\$0.1272	\$0.0636
2	2. Civic Center	\$0.1045	\$0.0523
3	3. Old Sacramento	\$0.1114	\$0.0557
3A	4. Capitol Mall / Plaza	\$0.0355	\$0.0177

Based on the above rates, the cost for a typical building on the K Street corridor with a 80' x 160' parcel (12,800 sq. ft.) and a building area of 35,000 sq. ft. would be \$3,854.16 per year.

The assessment formula contained in the Management Plan provides that the annual budget and assessment rates may be adjusted each year to account for inflation. The annual inflation adjustment will be based on the Bay Area Consumer Price Index (CPI) for all urban consumers, or three percent (3%), whichever is less.

ENVIRONMENTAL CONSIDERATIONS:

ENVIRONMENTAL CONSIDERATIONS:

Council action in adopting this resolution is solely for the purpose of stating the intention to levy and collect assessments and is itself therefore not a project for the purpose of the California Environmental Quality Act.

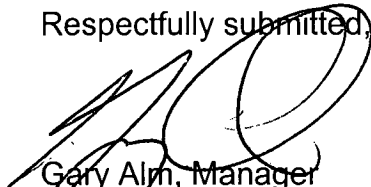
POLICY CONSIDERATIONS:

These proceedings are being conducted in accordance with the Property and Business Improvement District Law of 1994 as set forth in Section 36600 of the California Streets and Highways Code. Annual approval of the Downtown Sacramento Management District is consistent with the City's Strategic Plan in preserving and enhancing the City's neighborhoods and quality of life.

ESBD CONSIDERATIONS:

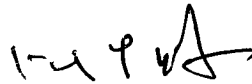
City Council adoption of the attached resolutions is not affected by City policy related to ESBD.

Respectfully submitted,



Gary Alm, Manager
Development Engineering and Finance

Approved:



Michael Medema, Interim Director
Development Services Department

RECOMMENDATION APPROVED:



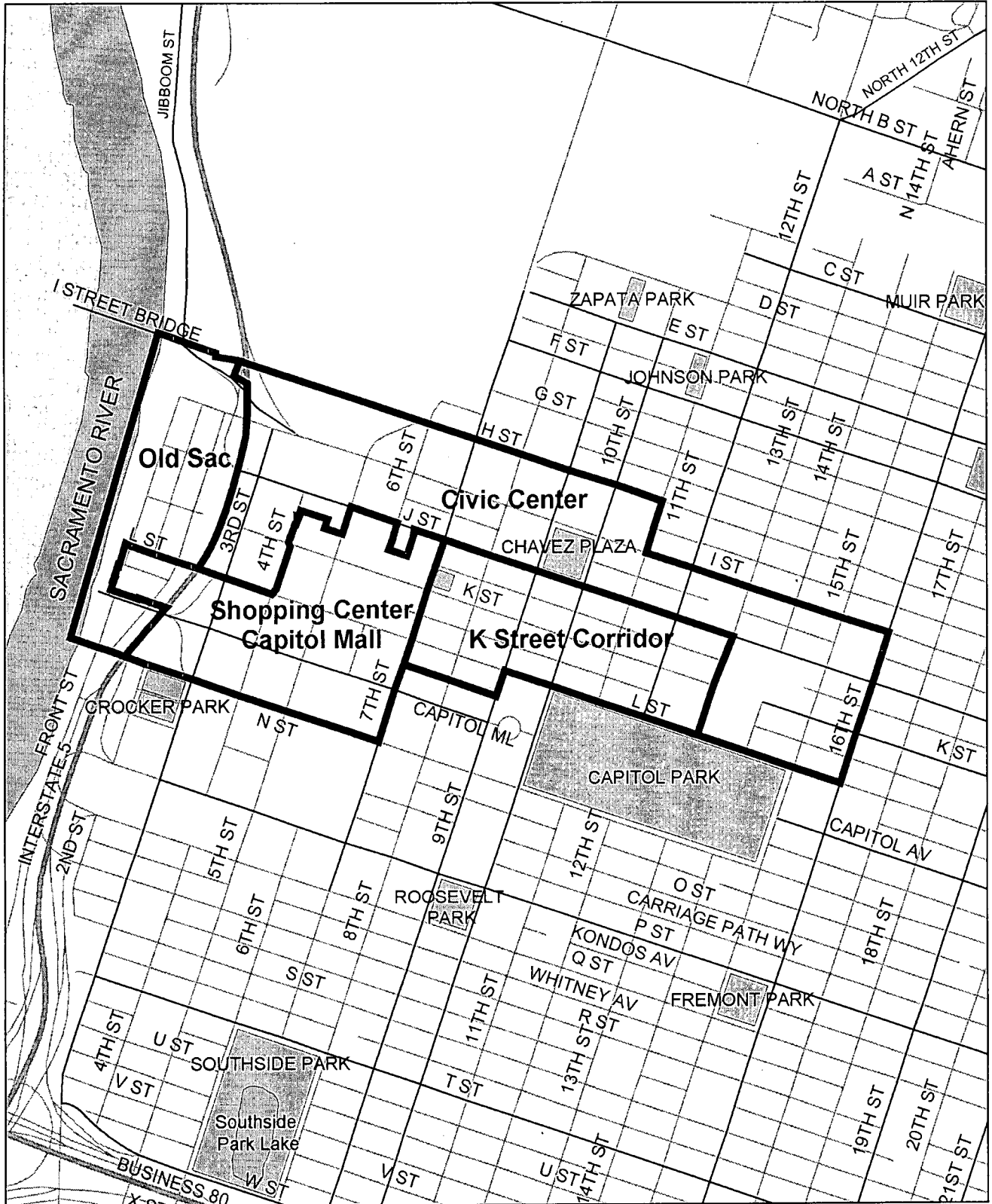
ROBERT P. THOMAS
City Manager

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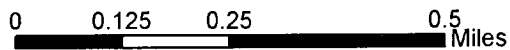
ATTACHMENT A

DOWNTOWN SACRAMENTO MANAGEMENT DISTRICT



City Of Sacramento
Development Services
Department
 Special Districts

B Mueller 5/6/03

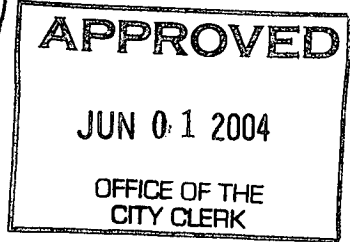


ATTACHMENT B

**DOWNTOWN SACRAMENTO MANAGEMENT DISTRICT
FY 2004/05 SCHEDULE**

June 1, 2004	Council considers Resolution of Intention and sets Date for Public Hearing
June 2, 2004	Post and Publish Notice of Hearing
June 22, 2004	Public Hearing - Council considers Approving Annual Report and Budget Resolution confirming Diagram and Levying FY 2004/2005 Annual Assessments
July 2004	Assessment Roll to County

RESOLUTION NO. 2004-407



ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF: _____

**RESOLUTION OF INTENTION TO LEVY AND COLLECT ASSESSMENTS
WITHIN THE DOWNTOWN SACRAMENTO MANAGEMENT DISTRICT**

THE COUNCIL OF THE CITY OF SACRAMENTO RESOLVES:

1. City Council intends to levy and collect assessments during FY 2004/05 within the Downtown Sacramento Management District. The area of land to be assessed is located in the City of Sacramento, Sacramento County, California.
2. The Downtown Sacramento Management District provides for security, maintenance and business support services with the intent of continuing to create a positive atmosphere in the Downtown area. All services are as defined within the Management District Annual Report, separately bound and on file in the City Clerk's Office, and by reference made a part of this resolution.
3. In accordance with this Council's resolution directing the filing of an annual report, the Downtown Management District Advisory Board has filed with the City Clerk the report required by the Property and Business Improvement District Area Law of 1994. All interested persons are referred to that report for a full and detailed description of the services and the boundaries of the assessment district. The assessment rates will be adjusted by 1.8% (percent) for inflation as provided for under the Property and Business Improvement District Law. Assessment rates are detailed below:

FY 2004/2005 ASSESSMENT RATES

No.	Sub-District Name	Cost/Sq.Ft./Parcel	Cost/Sq.Ft./Bldg.
1	1. K Street	\$0.1272	\$0.0636
2	2. Civic Center	\$0.1045	\$0.0523
3	3. Old Sacramento	\$0.1114	\$0.0557
3A	4. Capitol Mall / Plaza	\$0.0355	\$0.0177

4. City Council will conduct a public hearing on Tuesday, June 22, 2004 on the question of the levy of the proposed annual assessments. The hearings will be held at 2:00 p.m., in the meeting place of City Council located in City Hall, 730 "I" Street, First Floor, Sacramento, California.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

5. The City Clerk is authorized and directed to give the notice of hearing as required by the Property and Business Improvement District Area Law of 1994.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

2005 ANNUAL REPORT

for the

DOWNTOWN SACRAMENTO MANAGEMENT DISTRICT

Sacramento, California

Prepared pursuant to the State of California
Property and Business Improvement District Law of 1994
and Article XIII D of the California Constitution
to renew a property and business improvement district in
Downtown Sacramento

Prepared by

Downtown Sacramento Partnership

May 2004

2005 Annual Report
for the
DOWNTOWN SACRAMENTO MANAGEMENT DISTRICT

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Appendix 1: Engineer's Report

Appendix 2: List of properties to be assessed

Appendix 3: Map with parcel detail

*Appendices are available upon request
from the Downtown Sacramento Partnership*

Downtown Sacramento Management District

I. MANAGEMENT DISTRICT OVERVIEW

The International Downtown Association estimates that more than 1,200 Management Districts (or property-based business improvement districts) currently operate throughout the United States and Canada. A Management District provides enhanced improvements and activities, such as security, maintenance and marketing, in addition to those provided by local government. In recent years, many Management Districts have been formed as a local business community response to declining municipal services and/or to keep downtown's competitive in a changing marketplace.

Established in 1995, the Downtown Sacramento Management District was the first of its type in California. Since that time, more than 40 property-based Management Districts have been created throughout the state, including Sacramento's Florin Road, Fulton Avenue and Richards Boulevard commercial districts, and the central business districts of Stockton, Long Beach, Los Angeles and several other California cities.

The Downtown Sacramento Management District was formed pursuant to the "Property and Business Improvement District Law of 1994". This law ushered in a new generation of improvement districts in California by allowing a greater range of services and independence from government. Provisions include:

- ◆ Allows Management Districts to undertake activities including security, maintenance, marketing, economic development and special events.
- ◆ Allows revenue for improvements and activities to be raised from assessments on property.
- ◆ Requires petition support from private property owners paying more than 50% of proposed private property assessments to form a Management District.
- ◆ Provides up to a 5-year life for a Management District and requires a new petition process to renew it.

Management districts must also be formed in conformance with Article XIII D of the California Constitution (Proposition 218) which imposes additional restrictions and conditions on the formation of property assessment districts. *This Management Plan is in conformance with the conditions of both the California management district legislation and California Constitutional requirements pursuant to Article XIII D.*

II. IMPROVEMENT AND ACTIVITY PLAN

As determined by area property and business owners, the top priorities for improvements and activities within the Downtown Sacramento Management District include:

- ◆ Downtown Community Service Guide safety program
- ◆ Clean Streets and City Sweep maintenance programs to retain a consistent level of cleanliness throughout the Management District.
- ◆ Business Support and Recruitment programs to attract new businesses, consumers and visitors to the Management District.
- ◆ A Public Information program to inform ratepayers on how to access and benefit from Management District services.

Five different improvement and activity centers are recommended for the Downtown Sacramento Management District.

A. Safety: Downtown Guide Program

The Downtown Guide program's mission is to support law enforcement agencies and property owners in overall crime prevention efforts while offering a customer service orientation to downtown pedestrians. The program assists in the prevention of break-ins, graffiti tags and disruptive street behavior. In addition to serving as the "eyes and ears" of Sacramento police, the Guides are trained to direct pedestrians to civic, shopping and business destinations, and are informed on promotions and events to encourage public participation.

A minimum of six and up to ten trained Guides patrol the Management District 10 - 14 hours a day, 7 days a week. Actual patrol hours vary. The program, which is managed by the Downtown Sacramento Partnership, includes a program director, Guide supervisor, dispatcher, Guides, equipment and supplies.

	Proposed Deployment
Overall Deployment: District-wide	85 hrs/week
Portion of Guides Deployed to:	
(A) K Street & (B) Civic Center	80%
(C) Old Sacramento	20%

The existing K Street, Civic Center and Plaza deployment sub-districts are being combined into one to provide a more consistent and flexible approach to safety issues. *(Capitol Mall property owners have requested that Guides not be deployed on a scheduled basis within the Capitol Mall sub-district.)*

B. Maintenance

Management District maintenance services provide for graffiti and litter removal from downtown alleys and sidewalks. Maintenance is concentrated in the Civic Center and K Street sub-districts.

Clean Streets Program: Maintenance services include sweeping, steam cleaning and related surface maintenance control issues. Maintenance crews provide services throughout the week, with varying service frequencies in each sub-district as follows:

Estimated Frequency of maintenance Services by Benefit Zone	Sidewalk Power Wash	Alley Wash/Clean
(A) K Street	5 per week	4 to 8 per month
(B) Civic Center	1 per week	2 to 4 per month
(C) Old Sacramento, (D) Capitol Mall/ Plaza	None	None

City Sweep Program: The City Sweep program provides litter and graffiti removal services seven days per week. Visible City Sweep crews augment Management District Guides to discourage litter and graffiti from accumulating. Mobile crews aim to provide daily disposal of litter and remove graffiti within hours of detection. Sub-districts that receive intensive City Sweep services include Civic Center and K Street.

(Note that Old Sacramento provides its own maintenance services through its own maintenance district and that Capitol Mall and Plaza property owners have requested that maintenance services not be provided in the Capitol Mall/ Plaza sub-district.)

C. Business Support & Recruitment

Business support and recruitment programs aim to support the growth and vitality of existing businesses, attract new businesses and enhance the image of downtown Sacramento for both the consumer and investor markets.

Investor Marketing: Investor marketing tactics are proposed to attract new jobs, businesses and investment to downtown Sacramento. Investor marketing program options include:

- ◆ **Downtown Market Information Database:** The maintenance of a comprehensive downtown market information database is proposed to support property owner, real estate professional and City efforts to attract new businesses and investors to downtown. Information from the database will be available to all property and business owners within the Management District.
- ◆ **Investor Marketing Materials:** Downtown market information will be disseminated through new marketing materials that are targeted to a variety of investor markets. Marketing materials will be distributed as requested by downtown property owners, real estate professionals and the City to assist in efforts to attract new businesses.
- ◆ **Business Retention Services:** Studies by other downtowns have found that more than 80% of job growth occurs from the expansion of existing businesses. A variety of business support services will be provided to existing businesses to assist them to grow in downtown Sacramento. Options to be explored include:
 - creating a business to business network to monitor the downtown business climate and develop an "early warning" system to prevent businesses from leaving downtown;
 - assisting business and property owners in obtaining permits and navigating through the City development process;
 - helping business owners to access small business financing;
 - other support services to be determined.

Consumer Marketing Tactics: Consumer marketing tactics aim to attract customers, including residents, employees and visitors, to downtown. New consumer marketing tactics will aim to position downtown as a regional consumer destination by promoting downtown's diverse mix of shopping, restaurant and entertainment options. Consumer marketing program options include:

- ◆ **Advertising/Image Development:** An advertising program will aim to promote downtown as a regional destination with a rich collection of shopping, entertainment and cultural attractions. Management District funds will be used to leverage funds from existing businesses, creating a larger advertising pool.
- ◆ **Directional Signage and Wayfinding System:** The Management District is supporting efforts to design and install a new directional signage and wayfinding system throughout downtown. Improved signage will be developed to help drivers navigate to destinations and parking, and for pedestrians to help them find retail stores and attractions. The signage program will also include decorative banners to promote seasonal events and activities. Earned income from the rental of approved banners will leverage this activity.

D. Public Information

The public information program aims to better inform both ratepayers and downtown pedestrians on the services and benefits provided by Management District financed safety, maintenance, business support and recruitment activities. Examples of the public information function include:

- ◆ Informing employees and property managers on the availability of Guide escort services after dark;
- ◆ Distributing downtown maps and directories to pedestrians, including employees, tourists and convention visitors;
- ◆ Enhancing and increasing the distribution of the Management District newsletter to inform property and business owners of the latest developments in safety, maintenance, business support and recruitment initiatives;
- ◆ Increasing the utility of the Downtown Sacramento web page to improve communications among downtown stakeholders, in addition to providing information to a variety of external markets.

E. Administration

Administrative expenses include:

- ◆ Management District accounting and annual audit;
- ◆ Office rent;
- ◆ Supplies, equipment, telephone and postage;
- ◆ Liability insurance for programs and the Management District Board;

City and County Administrative Costs: The administrative budget includes funds to reimburse costs incurred by the City and County to administer the collection and disbursement of Management District assessments. City and County costs are associated with accounting administration by the City and assessment billing costs incurred by the County.

III. Downtown Management District Boundary

The proposed Management District boundary includes most of downtown roughly bounded by the Sacramento River to the west, H Street to the north, 16th Street to the east and N Street to the south.

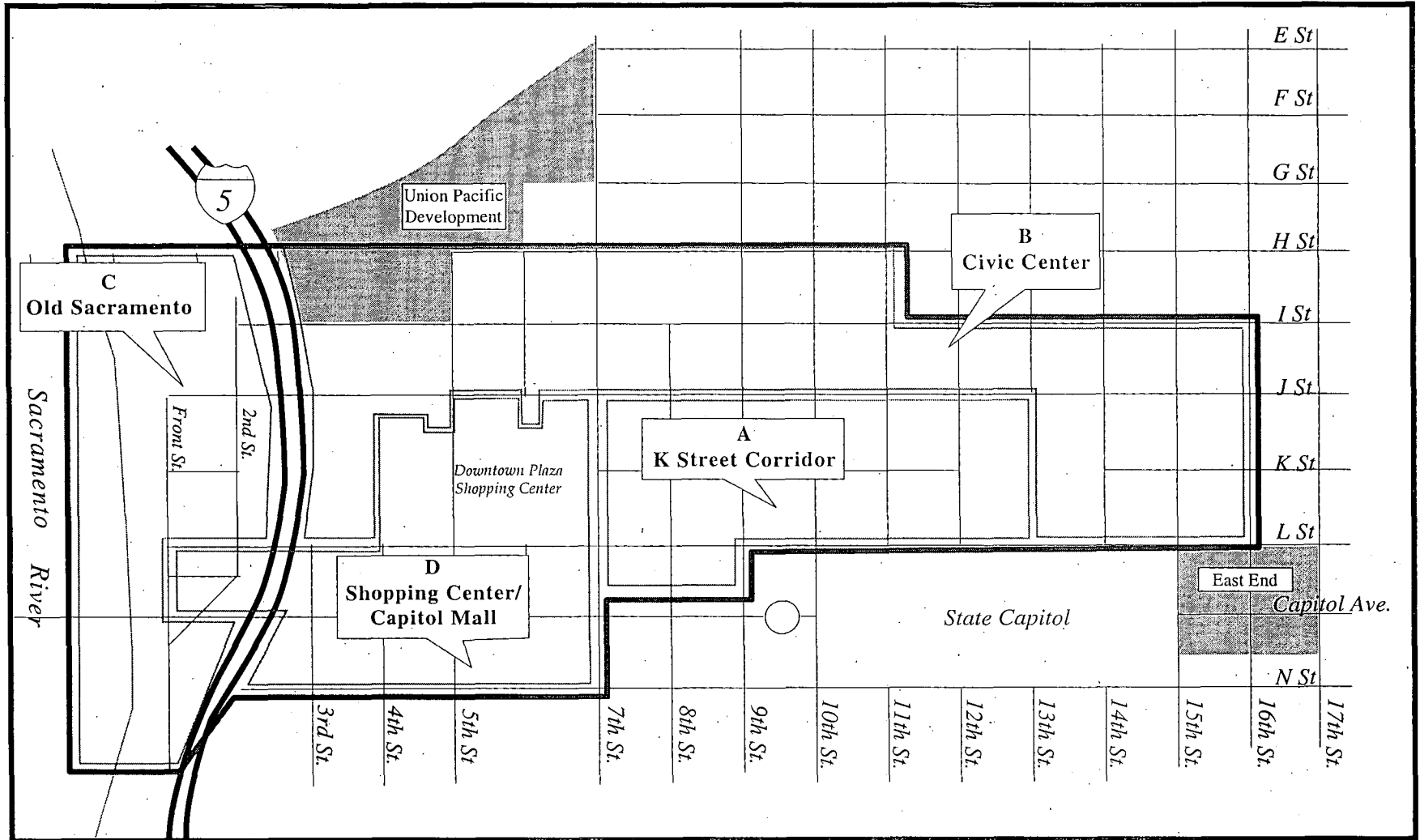
The benefit zones were created to allow for the provision of different levels of Management District services within different parts of downtown, as determined by downtown property and business owners.

These zones included:

- ◆ **K Street**, including a variety of retail and office uses found in the vicinity of the K Street transit mall;
- ◆ **Civic Center**, including most of the northern and eastern sections of the District;
- ◆ **Old Sacramento**, encompassing most of the Old Sacramento historic business district west of Interstate 5;
- ◆ **Plaza / Capitol Mall**, including modern office development along Capitol Mall; and encompassing the Downtown Plaza Shopping Center and property between the Center and Old Sacramento.

A map with the boundaries for the Downtown Sacramento Management District is provided on the following page.

Downtown Sacramento Management District & Benefit Zones



IV. IMPROVEMENT & ACTIVITY PLAN BUDGETS

A. Operating Budget Summary

The summary of the Calendar Year 2005 operating budget for the Downtown Sacramento Management District is provided below. The total improvement and activity plan budget for the second year of the District is projected at \$1,621,340 with the following components:

- ◆ **Safety/Guide Program:** 36.6% of the Management District budget is allocated to support the Downtown Guide Program.
- ◆ **Maintenance:** Maintenance accounts for 26.1% of the Management District budget.
- ◆ **Business Support & Recruitment and Public Information:** The business support and recruitment program accounts for 19.8% of the District budget. Public information accounts for 5.1%.
- ◆ **Administration:** The administration budget is 14.0% of the overall budget.

Activity	Total Budget CY04	% of Total
Safety/Guide Program	\$ 577,503	36.6%
Maintenance	\$ 423,136	26.1%
Business Support, Recruitment & Public Information	\$ 393,027	24.2%
Administration	\$ 227,674	14.0%
Total	\$1,621,340	100.0%

See Appendix 1 for more detail.

V. ASSESSMENTS

A. Assessment Methodology

Property owners, businesses and other Downtown Sacramento stakeholders have emphasized that the assessment formula for the Management District remain fair, balanced and commensurate with special benefits received.

Cost Allocation Approach

The assessment methodology is based upon a cost allocation approach, by which the direct cost of Management District services within a specific benefit zone are allocated to the properties within the specific zone.

The benefit zones receive different services as illustrated by the following chart:

Benefit Zone	Safety	Maintenance	Business Support & Recruitment	Public Information
A: K Street	yes	yes (1)	yes	yes
B: Civic Center	yes	yes (2)	yes	yes
C: Old Sacramento	yes	no	yes	yes
D: Capitol Mall/ Plaza	no	no	yes	yes

Notes (1) Higher frequency of service (see Maintenance section on page 3).

(2) Lower frequency of service (see Maintenance section on page 3).

In addition to the direct cost of services provided within each zone, all zones are assessed for the "perimeter benefit" from activities that benefit Downtown as a whole. "Perimeter benefit" is calculated for safety services. 25% of safety costs are allocated to all district properties to acknowledge the overall benefit of a safer environment within the district.

Special Benefit: The cost allocation approach respects the notion of special benefit resulting from assessments. The Management District assessment includes several benefit zones and property variables that narrowly tailor the assessments to benefits received. The property-related services described in the Management Plan are designed to provide special benefit to properties within the district. General benefit to properties is provided by the basic services delivered by the City of Sacramento. Services provided by the Management District are supplemental to City services and therefore convey special benefit.

It is expected that special benefit from the Management District services will exceed the cost of assessments. The proposed Management District Plan assesses property owners only for the special benefits conferred. Special benefits from safety, maintenance, business support and recruitment and public information are expected to contribute to the stability and enhancement of property values within the district. Majority support of commercial property owners for the Management District suggests that special benefit enhances both individual and collective investments in property.

Assessment Variables

Existing assessment variables, which will be retained in the new district, include:

- ◆ **Lot Square Footage:** Lot square footage is utilized to assess the benefit of services to the ground level of properties. Lot square footage that is improved is assessed at twice the rate of building square footage to acknowledge a greater benefit from Management District services at the ground level.
- ◆ **Building Square Footage (1/2):** Building square footage is utilized to assess the benefit from services to buildings, including tenants and employees. Acknowledging that service benefits are greater to ground floor uses, building square footage is assessed at half the rate of lot square footage.

Recommended revisions to the existing methodology include the following:

- ◆ **Vacant Lot Square Footage (1/2):** Vacant lots, which are not improved with either a building, a building under construction, or a parking lot, will be assessed at one-half (1/2) the rate of improved lots. This adjustment is recommended to acknowledge that vacant lots, with no interim income generating capability, have less benefit from services than improved lots.

An Engineer's Report for the Management District & the assessment methodology is provided (Appendix 1).

B. Calculation of Assessments

The preceding methodology is applied to a database that has been constructed by the Downtown Sacramento Partnership with source data from the County Assessor. This database has been updated annually since 1995 to account for changes in property characteristics and ownership.

A list of properties to be included in the Management District is provided (Appendix 2).

Projected assessments are not expected to exceed the following amounts for Year 2 (CY 2005) of the Management District:

Benefit Zone	Cost per Lot sf.	Cost per Building sf.	Change in Rate
A: K Street Corridor	\$ 0.1273	\$ 0.0636	+1.8%
B: Civic Center	\$ 0.1045	\$ 0.0523	+1.8%
C: Old Sacramento	\$ 0.1115	\$ 0.0558	+1.8%
D: Capitol Mall/Downtown Plaza	\$ 0.0355	\$ 0.0177	+1.8%

C. Annual Assessment Adjustments

Annual Adjustment: The Downtown Sacramento Partnership elected to increase the overall budget for the fourth term of the management district-year 2005 - by 1.8%. Annual assessment rates were adjusted for annual changes in accordance with the five-year Management District Plan, in order to compensate for higher business costs without reducing services.

Budget Adjustment: Any annual budget surplus or deficit will be rolled into the following year's Management District budget. Assessments will be set accordingly, within the constraints of the annual adjustment, to adjust for surpluses or deficits that are carried forward.

D. Time and Manner for Collecting Assessments

As provided by state law, the Downtown Sacramento Management District assessment will appear as a separate line item on annual property tax bills prepared by the County of Sacramento. Property tax bills are generally distributed in the fall and payment is expected by lump sum or installment.

Existing laws for enforcement and appeal of property taxes apply to Management District assessments.

E. Disestablishment

State law provides for the disestablishment of a Management District pursuant to an annual review process. Each year that the Management District is in existence, there will be a 30-day period during which the property owners will have the opportunity to request disestablishment of the district. This 30-day period begins each year on the anniversary day that the district was first established by City Council.

Within that 30-day period, if a written petition is submitted by the owners of real property who pay 50 percent (50%) or more of the assessments levied, the Management District may be disestablished. The City Council will hold a public hearing on disestablishing the Management District prior to actually doing so.

F. Residential, Tax-Exempt and Government Use Considerations

The methodology provides the following treatments for residential and tax-exempt uses:

- ◆ **Residential Property:** A 1996 revision to *the Property and Business Improvement District Law of 1994* clarifies that properties zoned exclusively for residential use are exempt from Management District assessments. Residential properties in non-exclusive residential zones may be exempted since Management District services are designed to benefit non-residential properties. Owners of residential property within an area zoned for non-exclusive residential use may request an exemption from Management District assessments provided that the property owner makes the request in writing to the Management District prior to the submission of Management District assessments rolls to the County Assessor (on or before July 1, 2000), accompanied by documentation that the property is used for residential use.
- ◆ **Policy on Tax-Exempt Properties:** Because tax-exempt properties will not benefit from the Management District, they may be excluded from assessments. An owner of real property located within the Management District may reduce the amount of the assessment to be levied if all of the following conditions are met:
 - A. The property owner is a non-profit corporation that has obtained federal tax-exemption under Internal Revenue Code Section 501(c)(3) or California franchise tax-exemption under the Revenue and Taxation Code Section 23701d.
 - B. The class or category of real property is eligible for exemption, in whole or in part, from real property taxation.
 - C. The property owner makes the request in writing to the Management District prior to the submission of the Management District assessment rolls to the County Assessor (on or before July 1, 2000), accompanied by documentation of the tax-exempt status of the property owner and the class or category of real property.

If all these conditions are met, the amount of the assessment to be levied shall be reduced in the same proportion to the real property tax exemption granted to the property.

- ◆ **Government Assessments:** The Downtown Sacramento Management District Management Plan assumes that the City of Sacramento, County of Sacramento and State of California will pay assessments for the special benefits conferred to government-owned property within the boundaries of the PBID. Article XIII D of the California Constitution (Proposition 218) was added in November of 1996 to provide for these payments:

"Parcels within a district that are owned or used by any agency, the State of California or the United States shall not be exempt from assessments unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit".

The United States federal government, due to its sovereign powers, has determined that it is not subject to Article XIII D of the California Constitution. Federal properties within the Management District will not be assessed. The Downtown Sacramento Partnership may provide services to federal properties on a contractual basis if the Partnership and federal government so agree.

- ◆ **Base Level of Services:** Throughout the process to establish the Downtown Sacramento Management District, business and property owners have emphasized that the City of Sacramento continue to maintain existing services at verifiable "baseline" service levels. A formal base levels of service policy, which has been adopted by the Sacramento City Council, aims to ensure that existing City services are enhanced, not replaced, by new Management District improvements and activities.