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DEPARTMENT OF
PUBLIC WORKS

ADMINISTRATION

CITY OF SACRAMENTO
CALIFORNIA

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APPROVED
BY THE CITY COUNCIL

May 5, 1995

MAY 30 1995

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City Council
Sacramento, California

OFFICE OF THE
CITY CLERK

Honorable Members in Session

SUBJECT: DOWNTOWN SACRAMENTO MANAGEMENT DISTRICT - PUBLIC MEETING

LOCATION AND COUNCIL DISTRICT:

The proposed Downtown Sacramento Management District is located in Council District No. 1. The district is comprised of approximately 65 city blocks. (See attached map, Exhibit A.)

RECOMMENDATION:

This report recommends that the City Council open the public meeting on the Downtown Sacramento Management District, take public testimony, and close the meeting. No Council action is requested at this time. A public hearing will be held on June 13, 1995, at which time Council may take action on the district. (See attached schedule, Exhibit B.)

CONTACT PERSON: Edward Williams, Associate Engineer, 264-5440

FOR COUNCIL MEETING OF: May 30, 1995

SUMMARY:

On April 18, 1995, Council initiated formation of the Downtown Sacramento Management District and authorized staff to publish a notice of public hearings and mail notices to each property owner. The purpose of this hearing is to receive public testimony related to the district. No action is requested at this time.

COMMITTEE/COMMISSION ACTION:

None.

BACKGROUND INFORMATION:

District Concept

The formation of the Sacramento Downtown Management District is a cooperative effort between the Downtown Sacramento Partnership Inc. (DPI), a California non-profit corporation, the City of Sacramento and SHRA. The purpose of the district is to provide special services to enhance and revitalize the downtown area. Each property owner pays his/her share of the cost based on the level of benefit received.

Management Plan

The Downtown Sacramento Management Plan is a comprehensive document which describes the process of forming the Management District and providing the services. The plan was approved by Council on April 18, 1995 and is on file in the office of the City Clerk. Additional copies are available at the office of the Downtown Sacramento Partnership (900 J Street, 2nd Floor).

Services

In brief, the services to be provided are as follows:

- **Guide Program** - The program will provide a minimum of 6 and up to 10 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 the 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 a minimum of 6 and up to 10 street custodians to maintain sidewalks and alleys by sweeping, steam cleaning and related surface maintenance control measures. 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.
- **Revitalization** - 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.

A complete description of the proposed services is contained in the Downtown Sacramento Management Plan.

Economic Analysis

As a means to substantiate the assessment methodology proposed by the Management Plan, the firm of Economic and Planning Systems (EPS) was retained to perform an economic analysis of the Plan. The EPS analysis provides an independent confirmation that real property will benefit from the sidewalk and alley maintenance, litter control, guide patrols and the uniform marketing program. Furthermore, EPS concluded that the magnitude of assessments for each property is reasonably proportionate to the level of benefit received from services provided. The EPS analysis is on file in the office of the City Clerk.

Advisory Board

On April 18, 1995, City Council approved Resolution 95-188 authorizing the City Manager to appoint the Downtown Management District Advisory Board. Selection will be in accordance with criteria established by the Property and Business Improvement District Law of 1994 and the Downtown Management Plan.

District Operation

The district will be managed and administered by the Downtown Sacramento Partnership (DPI) through an agreement with the City. The Advisory Board will oversee DPI's activities and the services provided. Each year DPI will submit a report, through the Advisory Board, which recommends a budget, assessment rates and service levels for the following year. The report will be forwarded to the City Council for adoption and levy of assessments.

In accordance with the Management Plan, the district will operate for a period of 5 years commencing January 1, 1996. At the end of the 5-year term, the district may be reformed through the submittal of a petition by property owners.

FINANCIAL CONSIDERATIONS:

All fees associated with the formation and administration of this district will be financed by the property owners and a City/SHRA contribution. The total budget for the first year of district operation is summarized as follows:

**TABLE 1
 TOTAL COSTS**

Program Activities	Annual Budget
Security Guides	\$463,239
Maintenance	\$308,826
Revitalization	\$257,355
DPI District Administration	\$142,580
First Year City Formation and Administration	\$25,000
TOTAL BUDGET 1995/96	\$1,197,000

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 six (6) sub-districts (benefit zones). The assessment rates for each sub-district are based on the level of service to reflect benefit received. Assessment rates are based on a cost per square foot of parcel area and cost per square foot of building area. The initial 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. Old Sacramento	\$ 0.080	\$ 0.040
2	2. Civic Center	\$ 0.101	\$ 0.051
3	3. Plaza	\$ 0.103	\$ 0.052
3A	4. Downtown Plaza Shopping Center	\$ 0.033	\$ 0.016
4	5. Capitol Mall	\$ 0.033	\$ 0.016
5	6. K Street	\$ 0.119	\$ 0.059

Based on the above rates, a typical building on the K Street corridor with an 80' x 160' parcel (12,800 sq. ft.) and a building area of 35,000 sq. ft. would be assessed \$3,588 per year.

The assessment formula contained in the Management Plan provides that the annual budget and assessment rates may be increased 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.

City / SHRA Contribution

In consideration of the services to be provided and Council's goal of enhancement and revitalization of the downtown area, staff recommends that the City and SHRA provide an annual contribution to the Management District. A summary of City and SHRA properties is detailed in Table 3.

TABLE 3
 CITY/SHRA CONTRIBUTIONS VS PRIVATE ASSESSMENTS

	No. of Parcels	Fair/Share Contribution	% of Budget
Private Properties	340	\$929,785	77.7%
City Properties	70	\$214,390	17.9%
SHRA Properties	62	\$52,825	4.4%
TOTALS		\$1,197,000	100.0%

The majority of the City contribution will be funded from existing Enterprise Funds with the General Fund portion expected to be less than \$60,000. Specific funding source recommendations for the City and SHRA contribution will be detailed in the June 13, 1995 staff report.

Building Square Footage

The benefit formulas for this district utilize both parcel and building area to determine the assessments. Parcel areas are on file at the County Assessor's Office and are generally accurate and up to date. Complete building square footage however is generally not available and in some cases, the records are several years old or are incomplete.

During the planning phase of this district, DPI staff undertook an extensive effort to develop a listing of building square footage for each of the parcels in the district. Data sources included the County of Sacramento, City Planning Department, and property owner records. While the DPI data is considered to be the best available information, it is expected there may be discrepancies between the current available information and actual building square footage. In recognition of this, DPI and City staff have devised the following plan to identify and correct any remaining discrepancies in building square footage.

- Following Council initiation of the district on April 18, 1995, staff mailed an official notice to each property owner.
- The notice explained the proposed services, cost and district formation process.
- The notice also contained the current available building square footage for the parcel.
- If the property owner disagrees with the square footage, he/she may send a letter to the City indicating they do not agree with the estimate and submit additional information on actual square footage.

City staff will review each response in comparison with available records. If necessary, the City's Planning Department will conduct a site inspection to verify actual square footage of the building.

EXISTING DISTRICTS TO BE ABANDONED/REORGANIZED:

In conjunction with formation of the proposed Downtown Management District, a number of existing districts will need to be either abandoned or reorganized. The following provides a brief discussion of the recommended actions to be taken with these existing districts:

- *Downtown Sidewalk Cleaning District*
This district was formed in 1982 at the request of the property owners. The district includes approximately 26 city blocks and has an annual budget of \$77,380. It is proposed that this district be abandoned effective January 1, 1996, at which time the proposed Management district will provide sidewalk cleaning services.
- *Downtown Alley Maintenance District*
This district was formed in 1991 at the request of the property owners. The district includes approximately 11 city blocks and has an annual budget of \$33,740. It is proposed that this district be abandoned effective January 1, 1996, at which time the proposed Management district will provide alley cleaning services.
- *12th Street Maintenance District*
This district was formed in 1990 at the request of the property owners. The district includes properties fronting on a 6½ block segment of 12th Street, south of C Street, and has an annual budget of \$18,480. Five parcels in this district, south of I Street, overlap the proposed Downtown Management District. It is proposed that these parcels receive a \$0 assessment effective January 1, 1996, at which time the proposed Management District will provide maintenance services.
- *Downtown Business Improvement Area*
This Business Improvement Area was formed in 1986 at the request of business owners. The district includes approximately 33 city blocks and has an annual budget of \$235,500. It is proposed that this district be reorganized such that the boundary would include only those businesses which are located within the Downtown Plaza and are a member of the Downtown Plaza Association. This reorganization will become effective January 1, 1996, at which time the proposed Management District will provide maintenance and marketing services.

Proceedings to initiate abandonment and/or reorganization of these existing districts is scheduled to occur in conjunction with formation of the Downtown Sacramento Management District. A map showing the existing and proposed districts is attached as Exhibit "C". The proposed abandonment of these districts will coincide with the formation of the Downtown Sacramento Management District.

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ENVIRONMENTAL REVIEW:

Not applicable to this report.

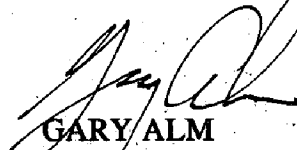
POLICY CONSIDERATIONS:

The procedures under which this district is being formed are set forth in the Property and Business Improvement District Law of 1994 and the City Ordinance No.'s 94-051 and 95-025 adopted December 13, 1994 and April 18, 1995, respectively.

MBE/WBE:

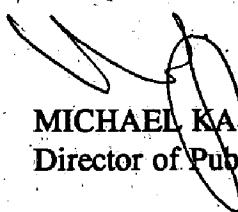
This item is for information only and is not affected by City policy related to MBE/WBE.

Respectfully Submitted,



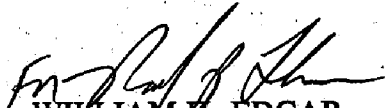
GARY ALM
Manager, Special Districts Division

Approved:



MICHAEL KASHIWAGI
Director of Public Works, Technical Services

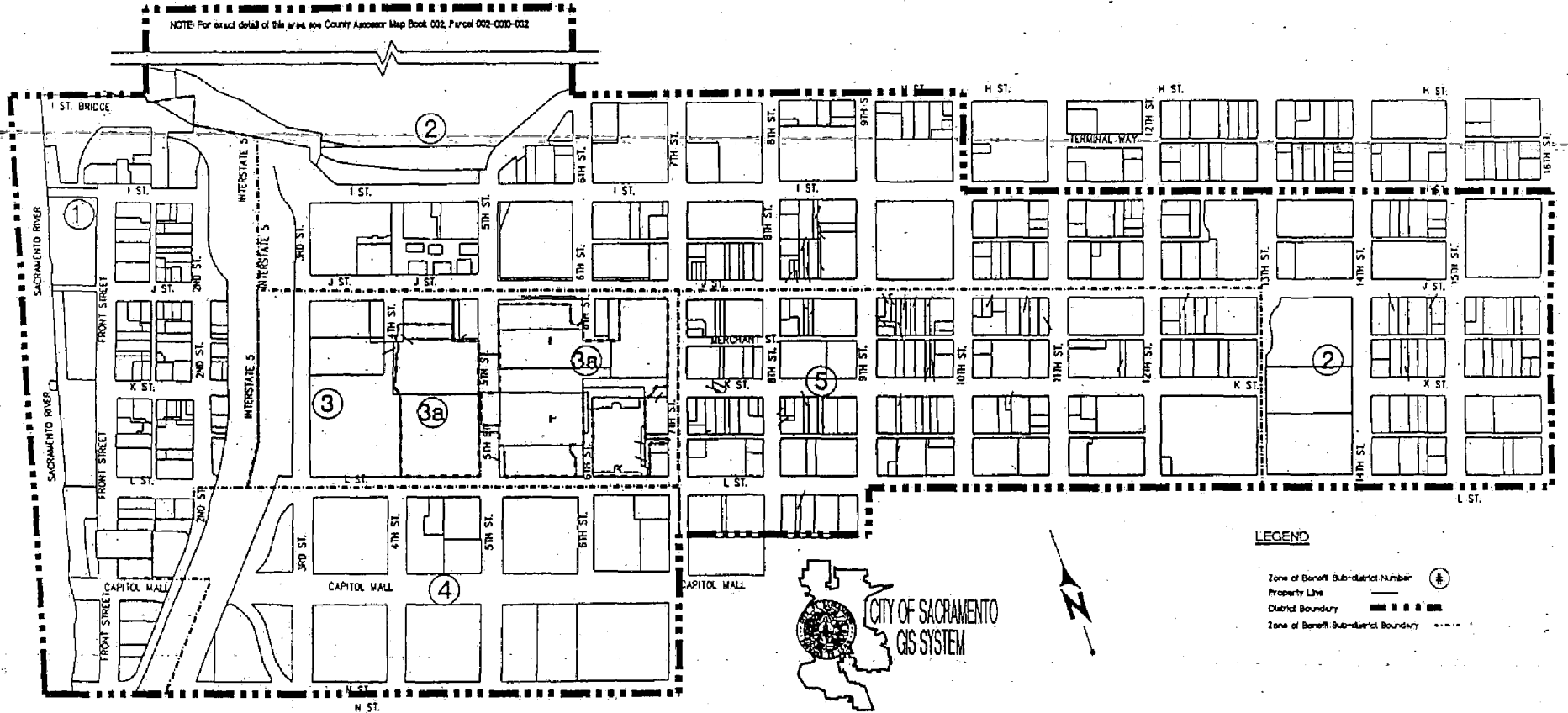
Recommendation Approved:



WILLIAM H. EDGAR
City Manager

DOWNTOWN SACRAMENTO MANAGEMENT DISTRICT

NOTE: For exact detail of this area, see County Assessor Map Book 002, Parcel 002-000-002



LEGEND

- Zone of Benefit Sub-district Number (#)
- Property Line (thin solid line)
- District Boundary (thick dashed line)
- Zone of Benefit Sub-district Boundary (dotted line)

EXHIBIT A

EXHIBIT B

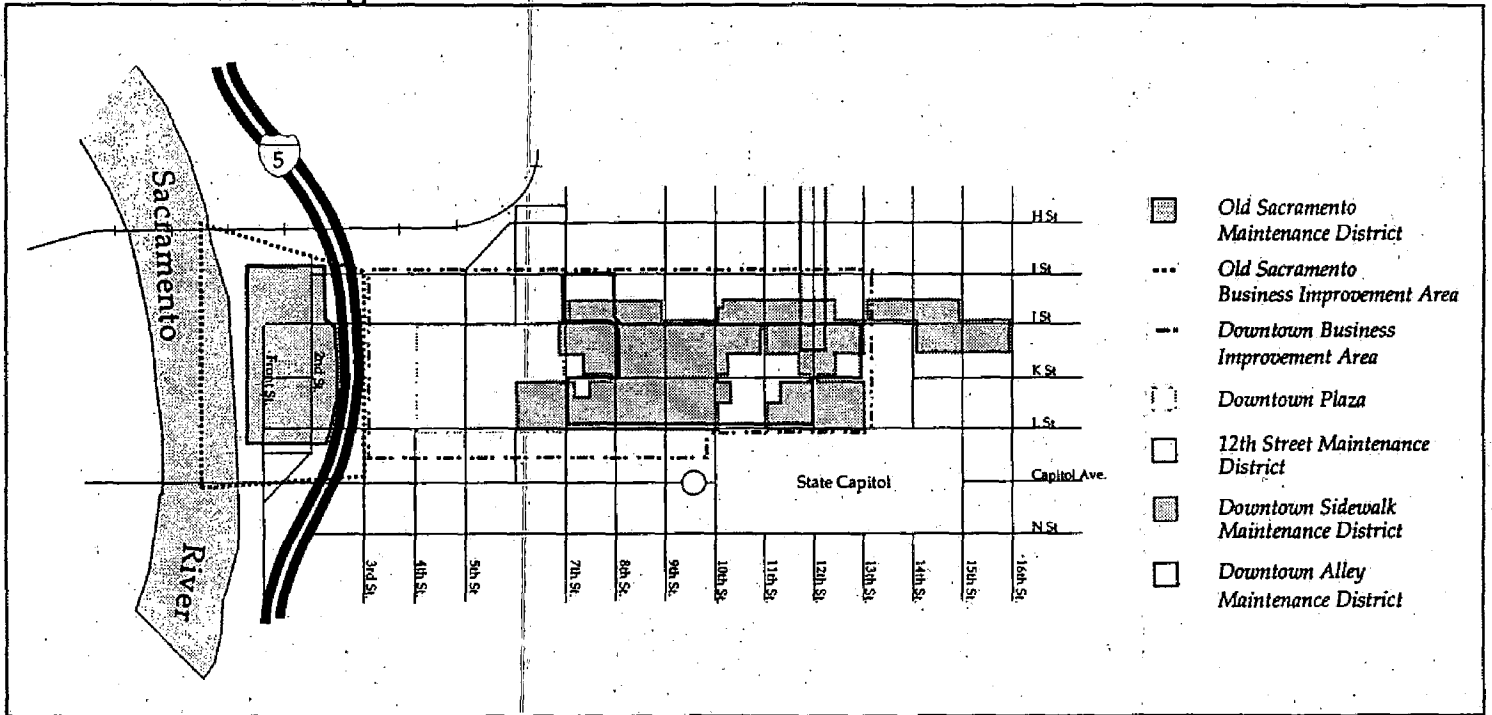
DOWNTOWN SACRAMENTO MANAGEMENT DISTRICT TIME SCHEDULE

January 26, 1995	Property Owners Meeting
February 3, 1995	Send out Petitions to be signed
April 11, 1995	Receive Signed Petitions
April 18, 1995	City Council Adopts: <ul style="list-style-type: none">● Resolution Approving Boundary Map● Resolution Accepting Petition● Resolution of Intention● Resolution Accepting Management Plan and Setting Public Hearings● Resolution Authorizing City Manager to Select Advisory Board
April 19, 1995	Record Boundary Map
April 19, 1995	Mail Notice of Hearing (w/square footage and DSPI cover letter)
May 30, 1995	City Council Conducts Public Meeting
June 13, 1995	City Council Conducts Public Hearing and Adopts: <ul style="list-style-type: none">● Resolution Approving Assessment Diagram● Resolution Approving Assessment and Formation of District● Resolution Approving Budget for FY 1995/96● Resolution Approving City/DPI Agreement
July 1, 1995	Transfer Assessments to County Auditor/Controller
November 1, 1995	Property Owners Receive Tax Bills
January 1, 1996	District Services Commence

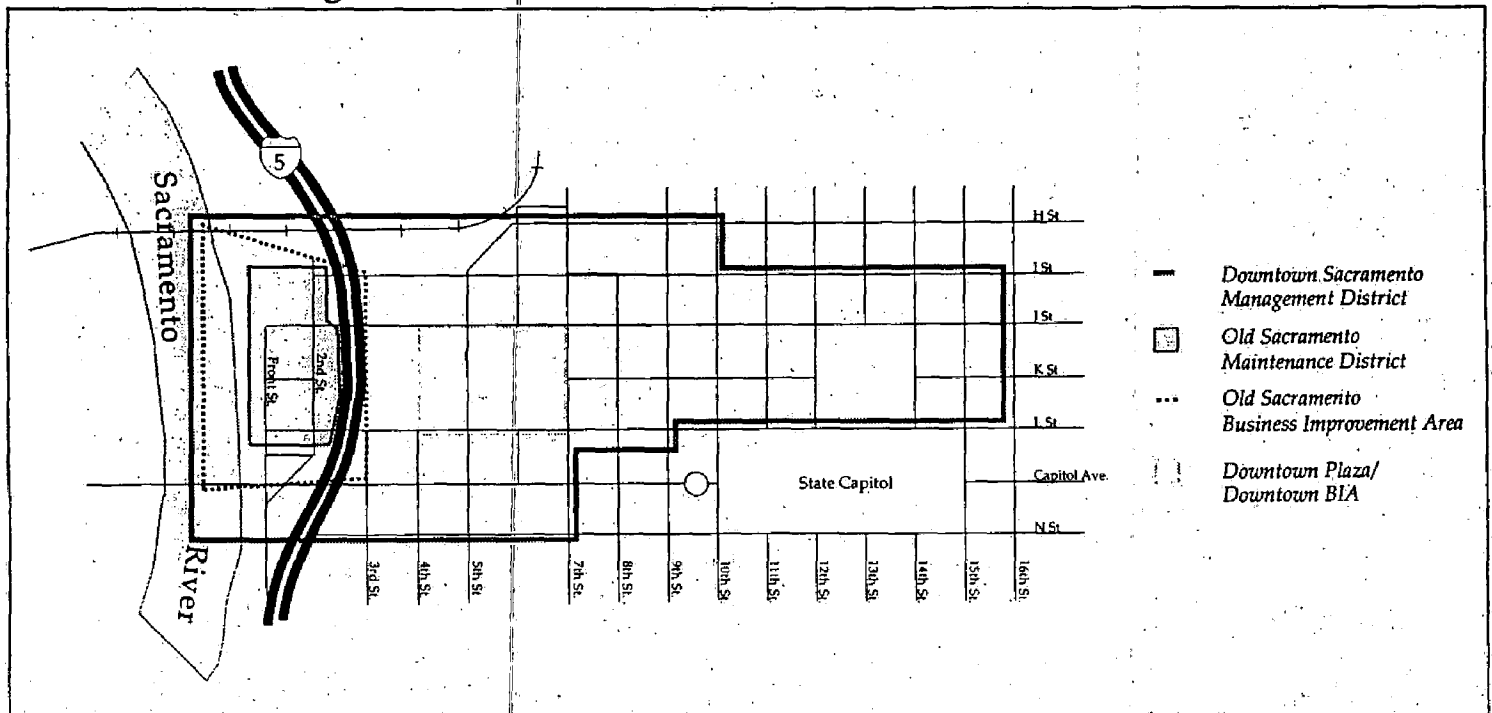
EXHIBIT C

Management District Impact on Existing Downtown Sacramento Service Districts

1995: Before Management District



1996: After Management District



Final Report

**ECONOMIC ANALYSIS OF THE
PROPOSED DOWNTOWN SACRAMENTO
MANAGEMENT DISTRICT**

Prepared for:

City of Sacramento

Prepared by:

Economic & Planning Systems, Inc.

April 11, 1995

EPS #4236

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I. INTRODUCTION

INTRODUCTION

The Downtown Sacramento Partnership has proposed a Business Improvement District (BID) to fund additional maintenance, security and marketing services in the downtown central business district. Economic & Planning Systems (EPS) has conducted an economic analysis of the proposed Downtown Sacramento Management Plan (DSMP) to provide information to the City Council.

This report begins with a conceptual overview of Business Improvement Districts and how the proposed district can benefit the properties that are being assessed. In addition, the proposed benefit spread methodology is evaluated in light of the foregoing economic analysis.

The emphasis of this analysis is placed on two main subject areas:

- 1) Whether a service benefit district would confer value to real property in the district, and beyond that, the type and magnitude of benefit that could be conferred; and
- 2) The economic implications of the benefit spread methodology (i.e., does the proposal spread costs to property types in an economically rational manner?)

CONCLUSION

The economic analysis presented in this report indicates that real property benefits from increased street maintenance and litter control, guide patrols and a uniform marketing program. Furthermore, the magnitude of assessment through the benefit spread methodology appears to be proportionate to the level of benefit conferred to property that would result from services provided by the proposed Downtown Sacramento Management District.

CONCEPTUAL OVERVIEW OF BUSINESS IMPROVEMENT DISTRICTS AND SPECIAL ASSESSMENTS

The Downtown Management District will be formed pursuant to a new state law, the Property and Business Improvement District Law of 1994 which supplements the Parking and Business Improvement Law of 1989 contained in the Streets and Highway Code. Although hundreds of similar districts exist across the country, this special type of financing district is new to California. The Downtown Sacramento Management District would be the first established in this state under the new legislation.

The purpose of the California legislation is to "promote the economic revitalization and physical maintenance of the business districts of its cities in order to create jobs, attract new

businesses, and prevent the erosion of the business districts." To this end, properties within the business district are able to assess themselves to provide enhanced services and improvements above and beyond those services currently provided by the City.

Assessments are not considered to be taxes, since they are used to pay for services and improvements that directly benefit the real property paying the assessment, not the City as a whole. As such, assessment methodologies should result in charging real property amounts that are in proportion to the respective benefit they derive from the subject improvement or service. The general economic principles of special assessments include:

1. Money raised must be for a public purpose.
2. The subject service or improvement must benefit a specifically defined land area.
3. The assessment should not exceed the cost of the service or improvement (including bond financing if applicable).
4. The assessment on an individual parcel must be proportional to the benefit received.

Traditionally, factors including proximity of property from the project, property area, demand characteristics, and land value have been used by assessment engineers to determine benefits and assessments for each parcel or condominium unit.¹

THE DOWNTOWN MANAGEMENT DISTRICT CONCEPT

The Downtown Sacramento Partnership, a coalition of Downtown property and business owners, has proposed funding of new security, maintenance and marketing services above and beyond those currently provided by the City through the use of a Business Improvement District. The District will deliver enhanced services to a 65-block area roughly bounded by I and H Streets to the north, the Sacramento River to the west, L and N Streets to the south and 16th Street to the east. Within the District, 6 sub-districts have been created to meet the individual service level needs for areas that have different physical or economic characteristics. Services to be provided include a security guide program, sidewalk and alley litter and graffiti clean up and a marketing/revitalization program.

In order to assess property owners for these services, the City must demonstrate that implementing this program will result in a direct benefit to the property owner that pays the assessment. This analysis thus explores the relationship between the increase services and the value of real property in the downtown BID.

¹ Benefits and assessments may even be determined based upon property value, although "assessed value" or "ad valorem" assessments no longer meet this standard due to the departure of assessed value from the market value under the constraints of Proposition 13. (American River case)

II. REVIEW OF BENEFITS TO PROPERTY FROM DISTRICT SERVICES

ECONOMIC BENEFIT OVERVIEW

The litter and graffiti control will immediately result in a cleaner and more attractive working and shopping environment. The security guide program to support crime prevention efforts and direct visitors to various downtown destinations should make the downtown a safer and more desirable location to work and shop. In addition, the marketing program will make the public more aware of the unique attributes of the downtown due to its assortment of attractions, events and services in one central area. The individual and cumulative impact of each of these services will be an improvement in people's impressions of the downtown thereby increasing the number of people working in and visiting the downtown. Direct benefit is also demonstrated by the level of property owner support to establish and re-establish these districts over time.

After the downtown is viewed as a safer, cleaner and more desirable place to work and shop, more indirect economic impacts may occur such as an increase in retail sales and entertainment spending and/or an increase in office/ commercial occupancy rates. As a result, rents may increase causing land values and property sales prices to increase. These economic changes may be quantifiable although it is difficult to determine how much of the change is strictly due to the activities of the BID.

To analyze the potential economic implications of the proposed Downtown Management District, EPS reviewed existing BIDs and interviewed people associated with these BIDS to identify whether or not a perceptible change in the cleanliness, safety or desirability of the downtowns had occurred. A measurable economic change was not analyzed, because too many factors effect the ability to measure the success or decline of a downtown. Two major factors limiting the ability to measure an economic change or determine the impact of the BID itself on the downtown were:

- Many cities had recently constructed new infrastructure or facilities in the downtown to attract visitors. Several cities had constructed pedestrian malls, sports arenas and other amenities to attract visitors. These projects added to the assessed value and/or increased the number of people working and shopping in the downtown.
- The national recession curtailed private investment and spending in downtown areas. Personal spending was also reduced which decreased retail sales and entertainment spending.

Most people interviewed from the downtown associations would not necessarily attribute all of the positive change to the BIDs although they stated that the elimination of the BID would have noticeable negative impact on the image of downtown. But, the continued

renewal of the Districts after each term indicates that the majority of property owners believed their properties have benefited from the services provided by the District.

The following summarizes the annual budget of the nine BIDs contacted in terms of the relative expenditures for security, maintenance, marketing and other (including administration).

**Summary of BID Budgets
by Activity**

	<u>Security</u>	<u>Cleaning/ Maintenance</u>	<u>Promotions/ Marketing</u>	<u>Capital/ Transportation</u>	<u>Admin./ Other</u>
Sacramento	39%	26%	22%	0%	14%
Louisville	52%	14%	20%	0%	14%
Richmond (1)	0%	0%	100%	0%	0%
Buffalo	4%	61%	11%	0%	24%
Fort Worth	4%	54%	17%	5%	20%
Tulsa	0%	63%	3%	9%	25%
Phoenix (2)	26%	4%	17%	12%	40%
Portland	47%	11%	24%	0%	18%
Denver	28%	46%	5%	0%	21%
Salt Lake City	0%	0%	100%	0%	0%

- (1) Although 100% is shown for marketing and promotions, a portion of the total budget is used to fund administration.
- (2) The security guides also remove graffiti - the cost of this service is included in the cleaning/maintenance budget for other Districts. In addition, the administrative component includes equipment leases and City required management district work that may otherwise be included in the maintenance budget.

MEASURES OF ECONOMIC BENEFIT

SURVEY RESEARCH

A number of downtown associations with BIDs have conducted opinion surveys to measure the change in people's perceptions or have measured changes in crime, etc. The following summarizes the experiences from several of the Districts surveyed.

Buffalo, New York

As shown above, Buffalo BID spends the majority of its funding on maintenance and marketing, while relatively little has been spent on additional security. The \$1.1 million budget provides enhanced services to a 24 block area. Since the District's formation in 1987, two property owner and tenant surveys have been conducted to measure peoples' opinions on downtown in general and the Buffalo Place, Inc. organization. On a scale from 1 to 5,

with 1 being very negative and 5 being very positive, the public space improvements (plazas, signage, facades and other amenities), maintenance (cleanliness, landscaping, snow removal, banners) and promotions (advertising, special events, sales promotions) scored from 3.3 to 3.6 in both surveys. Security rated lower at 2.9 in the 1992 survey. In terms of change in the last three to five years, with 1 being much worse, 3 being about the same, and 5 being much improved, public space improvements, maintenance and promotions scored from 3.7 to 4.0 indicating a perceptible positive change with the services that the District provides. Security scored a 3.1 indicating very little change, reflective of the small additional expenditure for security. When asked about how Downtown Buffalo should change over the next three to five years, the scores indicated that public space improvements, maintenance and promotions did not need much more improvement with scores from 3.1 to 3.3 while security needed additional improvement, scoring 3.8.

Phoenix, Arizona

The Phoenix BID emphasizes the security guide and marketing program. As such, the security guides keep in touch with downtown merchants, brief jurors on how to get around downtown, assist other visitors with questions and maintain a presence to prevent or report security problems in the area. As reported in the Downtown Phoenix Partnership 1994 Annual Report, almost 108,000 contacts were made, a 28% increase from 1993 consisting of: security issue contacts (5%), business contacts (14%), jurors briefed (37%) and positive citizen contacts (44%). The security guides also removed or painted over graffiti in more than 800 locations. The crime statistics indicate a 10% decrease in crime from 1990 to 1994. From 1990 to 1992 crime decreased 28%, but increased 26% from 1992 to 1994. Three factors were cited as factors for the increase from 1992 to 1994:

1. The evening Phoenix Bike Patrol squad was instituted in October 1992, and this increased presence resulted in a higher number of minor crimes being detected and reported.
2. All reports filed at Police headquarters, such as counterfeiting, are included in the numbers regardless of where the offense occurred.
3. The America West Arena opened in June 1992, bringing more than 1.5 million more visitors to Downtown annually.

Portland, Oregon

The Portland Economic Improvement District (EID) established in 1988 also emphasizes security and marketing. The only information available to us was provided from a narrative of the Downtown Business Community Survey Results. The survey was directed at property and business owners and civic leaders to determine a prioritization, allocation and funding of existing services. The study reported over 90% of the respondents cited public area maintenance and security as the two services most helpful to their specific business operations and the downtown as a whole. These services were "perceived to give the best return on investment" given that most were unfamiliar with the three supporting services: district management, business recruitment/retention and marketing and therefore found it difficult to evaluate or assign a value to these services. Respondents not familiar with the support services generally felt that these services could be eliminated if it became necessary,

but "many respondents opposed eliminating or reducing services." Some indicated that clean and safe streets are the best marketing and business retention/recruitment tool.

Louisville, Kentucky

The Louisville Downtown Management District (LDMD) was established in 1991. The purpose of the 1994 study prepared by Horizon Research International was to identify the awareness of the 1993 image campaign, the maintenance/pick-up program and safety program. The study also identified current perceptions and attitudes and evaluated how perceptions have changed over the past few years. Fifty-two percent of downtown workers and 31% of downtown residents were aware of advertising or special promotions during the last year while 12 to 14% of respondents were able to name and describe the advertising slogan or billboard. Horizon Research International stated that the number of respondents able to recall the slogan compared to other first time image campaigns "should be considered encouraging."

In terms of workers and residents perceptions of Downtown Louisville, 40% felt better, 56% felt about the same while only 4% felt worse compared to one year ago. Related to the activities of the LDMD, 61% of both workers and residents felt strongly or mostly agreed that the downtown is clean. Forty-two percent of workers and 44% of residents strongly or mostly agreed that the downtown is a safe place to shop. Compared to a 1987 opinion survey, 48% more respondents felt that the downtown was clean and 60% more felt that the area was safer. In addition, 76% of workers and 67% of residents felt that special efforts have been made to make the downtown cleaner and 58% of workers and 62% of residents felt that special efforts had been made to make the downtown safer. Overall, the survey results indicate that recognizable improvements to safety and cleanliness have occurred since the LDMD was established.

PROPERTY OWNER SUPPORT

The criteria for establishing a BID differs across the country. Generally, a simple majority (> 50%) is required representing percent of total assessments (California), land value, land area or property owners. Most districts are actually proposed by the property owners themselves who perceive a value in return for the assessments they would pay. Once these districts are established, all have been renewed by the property owners. This continue support indicates that property owners associate the services provided by the BID with a direct benefit to their property.

The following highlights the level of participant support for the BIDs.

- the Portland BID had 85% participation when funding was on a voluntary basis.
- The Fort Worth, Texas BID has been renewed three times since 1986, with support from approximately 90% of the value, 80% of the land area and 56-60% of the property owners within the district.
- When the Salt Lake City BID was renewed last year, only 3% protested.

ECONOMIC BENEFIT FINDINGS

- 1) **The services will provide direct benefit to the properties assessed** - cleanliness, safety and the attractiveness of the downtown as a destination to shop and work will enhance the value of downtown businesses.
- 2) **Property owners tend to support Districts activities** on an on-going basis to renew District services.

III. EVALUATION OF BENEFIT SPREAD METHODOLOGY

Although the Downtown Management District concept is a relatively new approach to providing enhanced services to a business district, the general special assessment provisions used extensively in California apply. In this section, the proposed spread methodology contained in the Downtown Sacramento Management Plan (DSMP) is evaluated in terms of justifying that properties are only paying their proportionate share based on the services provided to that property. Overall implications for the proposed spread methodology are then discussed.

REVIEW OF ASSESSMENT SPREAD METHODOLOGY

The proposed Downtown Sacramento Management District is intended to fund additional security, maintenance and revitalization activities which provide direct benefit to downtown properties and businesses.

PROPERTY WITHIN THE DISTRICT

The 65-block District is divided into six sub-districts to meet the individual service level needs for areas that have different physical or economic characteristics. The six sub-districts are listed below and described fully in the Management Plan.

1. Old Sacramento
2. Civic Center
3. Plaza
- 3A. Downtown Plaza Shopping Center
4. Capitol Mall
5. K Street

ALLOCATION OF SERVICE COSTS TO SUB-DISTRICTS

The services to be included in the Downtown Management District are estimated to cost \$1.2 million annually, including administration. From this total, the City will contribute approximately \$270,000 annually to reduce the total private assessment amount to approximately \$930,000.

The security guide patrol program provides an additional presence to support City police and property owner crime prevention efforts and to direct pedestrians to civic, shopping and business destinations. But, sub-areas without guides will benefit from guides in other sub-areas which will direct visitors into their sub-area and from general crime prevention efforts throughout the District. Therefore, all sub-areas are allocated 25% of the security

budget based on each sub-area's assessable square footage (parcel square footage plus building square footage weighted 50%). The remaining 75% security budget is allocated based on each sub-area's pro-rata share of 8 total guides spread on proportion of time spent in each sub-area opting for this service.

The maintenance program includes a clean street and City sweep program. The clean street program provides sweeping, steam cleaning and related surface maintenance control issues to both sidewalks and alleys within the District. The City sweep program will provide litter and graffiti removal. Each sub-district will fund its share of the alley cleaning, sidewalk cleaning and City sweep based on each sub-District's frequency of service and total area served. The total area served is defined as the number of alleys and block sides (translating to sidewalks area). For the City sweep program, the City will continue to provide graffiti removal on its own buildings. Therefore, the amount of City sweep service has been reduced for each sub-district for the City owned buildings.

The marketing and revitalization program benefits each sub-district equally. A unified marketing program will highlight the diverse attractions and services. In conjunction with the security guide program, people will become better informed as to what the downtown has to offer.

ALLOCATION TO PARCELS

Once the service cost has been allocated to sub-districts, the cost of each activity is allocated to parcels based on total land square footage plus 50% of building square footage. This assigns twice as much cost on a square footage basis to the land as compared to the building. The DSMP explains that "more emphasis is placed on gross lot square footage due to the more substantial long term value impacts on highest and best use and due to the nature of proposed district services providing more direct benefit to ground floor property and land. Less emphasis is placed on gross building square footage due to the short term benefits for interim uses and the dilution of direct benefit to uses above the ground floor."

OLD SACRAMENTO ECONOMIC BENEFIT ADJUSTMENT

The total assessment for the Old Sacramento sub-district have been reduced by 40% and spread to the other sub-districts and the City's contribution based on their pro rata share of funding excluding Old Sacramento. The Plan states that Old Sacramento is disadvantaged compared to the other properties because of development restrictions placed on it due to its historic district designation. As a result, Old Sacramento cannot capture the same economic value of the District services as the other properties within the District.

VALUE OF ASSESSMENTS

EPS reviewed rents and value of property in the CBD to determine the amount of value that may be conferred to property as a result of the assessment. This indicates whether or not the level of assessment and the necessary minimum rent or price increase to fund the annual assessment is reasonable. **Appendix A** contains the backup tables for the following discussion.

ASSESSMENT AS A PERCENT OF PROPERTY VALUES

EPS randomly selected approximately ten parcels within each sub-district and reviewed the assessor's records for the land and structure value for that parcel. Given the size of the lot and building from the Downtown Partnership parcel database for each assessor's parcel number (APN), the land and building value per square foot was calculated for each APN. Then, the weighted average of all of the APNs was calculated to represent the average land and building square footage for all private parcels within the boundaries of the Downtown Sacramento Management Plan. Based on the total private land and building square footage, the private parcels within the DSMP was valued at an estimated \$1.6 billion. This is a conservative estimate of value using the assessor's records due to the Proposition XIII restrictions on property value appreciation.

There are two ways to value the cost of the assessments to a minimum increase in real property values. The first is by application of a capitalization rate which represents a composite of interest on an investment (return on investment) and recapture of an investment (return of investment). Income to the land is capitalized at the interest rate and income to the improvements is capitalized at a rate that combines the interest rate and an annual recapture rate. The capitalization rate is typically used to determine the value of a property given its anticipated income stream (rent). In this case we applied this rate to the annual cost of the assessment to calculate the change in value necessary to off-set this additional cost. Assuming a capitalization rate of 10%, the parcels within the Management District would have to appreciate by \$9.4 million or 0.6% to recapture the cost of the assessments.

The other approach is to compute the actual cost of the assessments based on the anticipated five-year life of the District. The assessments will total approximately \$4.5 million in five years assuming a 4% annual adjustment. As a result, values would need to increase by 0.3% to recapture the cost of the assessments. If investors believe the District will have a longer term, the necessary value increase would have to be adjusted upwards accordingly.

A less than 1% increase in value to off-set the cost of the Management District assessments may be achieved if the District services are effective in improving the safety, cleanliness and desirability of the Downtown for business.

ASSESSMENTS AS A PERCENT OF RENTS

Similar to a change in property values, EPS analyzed rents in the downtown to determine the necessary increase to off-set the annual assessment. The assessment varies by sub-district and is composed of a land square footage assessment plus a building square footage assessment. By summing the total private assessment of \$930,000 and dividing by the total built square feet of 12.8 million, the average assessment is \$0.073 per built square foot per year. The entire building area is not rentable to tenants. Assuming 10% of the total building area to represent common areas, parking, etc, the average assessment is \$0.081 per rentable square foot per year. This annual assessment represents less than one cent per month. Given that rents may range from \$1.00 to \$2.00 per square foot on average, rents would need to increase by less than one cent per month or 0.34% to 0.67% to off-set the annual assessment.

A less than 1% increase in value to off-set the cost of the Management District assessments may be achieved if the District services are effective in improving the safety, cleanliness and desirability of the Downtown for business.

METHODOLOGY FINDINGS

This final section provides several findings of the spread methodology based on the foregoing economic analysis.

- 1) **The methodology is straight-forward and carries with it a solid rationale -- that the ground floor receiving the largest benefit receive a larger share of the assessment.**
- 2) **The level of assessment appears to be well-matched to level of benefit conferred to properties.**

IV. ESTIMATION OF ASSESSMENTS FOR PARCELS

GENERAL ESTIMATION OF ASSESSMENTS FOR PARCELS

The Downtown Sacramento Management District assessments will be calculated using the gross land and building square footage of each parcel. The building square footage includes the entire structure associated with each parcel including parking garages, basements, and common areas. Given the sub-district for each parcel, the assessment will be estimated by multiplying the assessment rate by the sum of the land and 50% of the building square footage.

ESTIMATION OF ASSESSMENTS FOR UNIQUE PARCELS

For the Downtown Sacramento Management District, EPS reviewed the estimation of assessable land and building square footage for several parcels complicated, in many cases, by multi-ownership of the same parcel. Specifically, we reviewed five sites and their unique assessment situation:

1. SP Railyards Depot - SBE parcels
2. Riverview Plaza - residential and possessory interest
3. Downtown Plaza Shopping Center - multi-level ownership
4. 1030 3-A 15th Street - Office Condo
5. Hyatt Regency Hotel - Lease of Public Land

The following sections discuss the unique features of each site and our recommendation for assessing that specific site and other similar ones.

SP RAILYARDS DEPOT- SBE PARCELS

The depot sits on the 207.55 acre APN #002 0010 032 0000 or the 36.54 acre SBE #990 0872 000 3308. Property owned by railroads, utilities, canals, etc. are assigned State Board of Equalization (SBE) parcel numbers. The state is responsible for annually estimating the assessed value of these properties. Once the value is computed, this number is provided to the County for the property tax roll. Property owned by SP Railyards will continue to have SBE numbers assigned to its parcels as long as each parcel is owned by Southern Pacific.

The boundaries of the Downtown Management District were extended to include the depot, but not the entire parcel in which it sits. We recommend estimating the assessment for the depot on the square footage of the depot pad for the land portion and the depot itself for the building square footage. The parking lot in front of the depot is a separate parcel and will be assessed for the land square footage similar to other parcels.

RIVERVIEW PLAZA - RESIDENTIAL & POSSESSORY INTEREST PARCELS

The multi-ownership of a single parcel required review, but, in this case, is not a factor for purposes of assigning the assessments. In reviewing the Riverview Plaza parcel, we encountered the case of possessory interest (PI) parcels. The Riverview Plaza contains first floor private enterprise (deli, travel agency, hair salon and child care center) and the remaining floors contain redevelopment offices and subsidized senior housing. Subparcels 0001, 0003 and 0004 are owned by the Housing Authority of the City of Sacramento. Subparcel 0002 is owned by River Plaza Associates.

River Plaza Associates owns the senior apartment housing. The Wong Center also contains senior apartment housing above two floors of office space. Property in private residential use is presumed to not benefit from the Downtown Management District services and shall not be subject to the assessment. Therefore, the portion of building square footage associated with the residential use will not be assessed for the Downtown Management District.

The Housing Authority owns the remaining Riverview Plaza building and leases out a portion of it to retail tenants. The business owners of the leased space have a possessory interest in their space. This occurs when a public agency leases its property to a private user. As such, the tenant pays property taxes based on the tenant's financial interest in the space (rent and tenant improvements) during the term of the lease. The tenant may pay the property taxes directly or the rent may include an allowance for this cost, depending upon the terms of individual leases. The PIs are tracked by subparcel numbers. For Riverview Plaza, subparcel 0003 contains the PIs which are designated with further subparcel numbers 9900 through 9903.

Only privately owned parcels were included in the calculation of square footage subject to the Management District assessments. As a result, portions of publicly owned buildings leased to private users were excluded. Many PIs exist in the downtown on the outside of City parking garages and along the Old Sacramento Riverfront. The difficulty in assigning assessments to these PI spaces is twofold. First, the property taxes are unsecured and collected on the personal property tax roll. If a tenant does not pay the property tax bill, the City cannot put a lien on the property. As such, there is no security for collecting this revenue. Second, each tenant has a separate lease with the City, Redevelopment Agency or Housing Authority. Each agency potentially has different lease structures. In addition, leases are for set terms. Until a new lease is signed or one is renewed, there may not be an ability to charge an assessment based on its terms.

For the Downtown Management District, the City's contribution, roughly based on the estimated assessment for the City-owned property, will directly fund the special assessment attributable to these tenants for the services that the tenants will receive direct benefit.

DOWNTOWN PLAZA - MULTI-LEVEL OWNERSHIP

The subparcel classification for multi-level ownership would not be a very complicated situation if it were not for the layout of the Downtown Plaza. The majority of parcels in the Plaza are listed with subparcels 01, 02 and 03, which represent retail, parking and land respectively. The key to understanding the subparcel classification is to keep in mind that subparcels are created for purposes of allocating value to different portions of real property depending upon ownership. The City-owned parking subparcel 02 is very straightforward. The City owns the parking garages, but does not pay property taxes so it is not given an assessed value. The land subparcel represents the airspace dividing the garage ceiling from the retail ground. Technically, it is owned by the DPLA (Downtown Plaza Associates) so a value is assigned to that subparcel. The value of that land is based on the structure built on the land. Therefore, all of the value for each parcel is assigned to subparcel 01, the retail parcel. By law the assessor has to assign a value to each private parcel; that is the reason for the nominal value for land subparcel 03.

For the Downtown Management District, the DPLA annual assessment should be assigned to subparcel 01 based on the estimated land and building square footage owned by DPLA for that parcel. The building square footage includes all of the retail and/or office space associated with the Plaza plus the second level walkways and common areas. The Plaza is an outdoor pedestrian mall that would otherwise include a public street and sidewalk. For other sites in the District, the sidewalks and alleys providing access to the stores and offices are not assessed as part of the building square footage. As a result, the DPLA building square footage excludes the privately owned ground floor walkways and common areas.

For the DPLA, estimating building square footage associated with individual parcels is fairly complicated. First, the assessor's office only uses the leasable square footage since the rents charged to each leased square foot include the value of the two-story open air mall. The upper level walkway square footage should be added to the leasable square feet of each parcel consistent with other multi-story buildings. Second, due to the extension of store fronts, leasable square footage overlaps parcels that are predominantly walkways. The Downtown Management District, consistent with the assessor's office, assigns the square footage on a "walkway" parcel onto the parcel that contains the majority of the retail space. Therefore, a parcel that is predominantly a walkway is not assessed and the parcel predominantly leased to retail space is assessed. Although awkward to estimate, it is much simpler to justify assessing retail space, but not the walkways.

HYATT REGENCY - LEASE OF PUBLIC LAND

The Hyatt Regency (or Mutual Life Ins. Co.) leases the land from the Redevelopment Agency. The Hyatt Regency owns 50% of the garage and the Redevelopment Agency owns the other 50%. The Hyatt also owns 100% of the hotel and retail uses. Per the assessor's office, the leaseholder of land with a 35-year or longer lease on real property owns all the rights associated with the land for that term. Therefore, the land is technically owned by the leaseholder although title has not been transferred. As a result, the Downtown Management District assessment for the Hyatt Regency should be based on 50% of the garage square footage plus 100% of the land, hotel and retail square footage.

1030 3-A 15TH STREET - OFFICE CONDO

Parcel number 006 0115 016 is an office condo. Subparcels 0001 through 0003 are owned by the City. The fourth subparcel, 0004, at 1030 3-A 15th Street is owned by a private firm. The assessor's office provided a building square footage of 10,772 for assessment purposes which may represent one floor of the three-story building. As such, the private office should be assessed based on one-third of the land area ($13,101/3 = 4,367$ sq. ft.) and its building area (10,772 sq. ft.).

APPENDIX A

Appendix A-1
 Downtown Sacramento Management District
 Average Assessments as a Percent of Total A.V.

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	Square Feet	Per Sq. Foot	Total A.V.
Current Estimated A.V.			
Land	4,318,308	\$100	\$431,830,800
Building	12,810,375	\$90	\$1,152,933,750
Total Estimated A.V.			\$1,584,764,550
Proposed Annual Assessment			\$929,785
Capitalization Rate			10%
Capitalized Value of Assessment			\$9,297,855
Percent of A.V.			0.6%
Total 5-Year Assessments			\$4,470,122
Percent of A.V.			0.3%

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**Appendix A-2
Downtown Sacramento Management District
Land & Structure A.V. for Sample of Parcels**

Assesment Parcel Number	Lot Sq. Ft.	Building Sq. Ft.	Land A.V.	Structure A.V.	Land Value Per Sq. Ft.	Structure Value Per Sq. Ft.
006 0012 022 0000	9,082	27,720	\$106,059	\$362,260	\$12	\$13
006 0012 024 0000	5,292	11,639	\$160,000	\$340,000	\$30	\$29
006 0034 016 0000	1,600	1,600	\$91,891	\$139,850	\$57	\$87
006 0036 031 0000	30,825	430,000	\$4,800,000	\$59,200,000	\$156	\$138
006 0047 001 0000	4,792	2,624	\$40,383	\$46,151	\$8	\$18
006 0047 005 0000	2,400	4,800	\$17,302	\$34,611	\$7	\$7
006 0047 006 0000	3,920	11,760	\$43,267	\$82,217	\$11	\$7
006 0052 019 0000	12,800	38,400	\$642,969	\$2,118,687	\$50	\$55
006 0071 025 0000	8,350	10,193	\$83,551	\$1,141,560	\$10	\$112
006 0071 055 0000	6,684	28,736	\$277,786	\$1,803,013	\$42	\$63
006 0072 035 0000	1,394	3,590	\$38,290	\$272,655	\$27	\$76
006 0072 043 0000	12,662	36,864	\$81,547	\$1,262,840	\$6	\$34
006 0073 039 0000	6,856	19,872	\$260,574	\$935,478	\$38	\$47
006 0073 040 0000	2,756	6,600	\$104,227	\$460,874	\$38	\$70
006 0073 045 0000	1,364	4,680	\$11,078	\$287,000	\$8	\$61
006 0073 047 0000	4,283	12,173	\$37,308	\$1,019,665	\$9	\$84
006 0087 034 0001	12,437	12,437	\$691,153	\$5,919,346	\$56	\$476
006 0087 037 0001	79,279	79,279	\$1,876,073	\$7,873,710	\$24	\$99
006 0087 043 0000	12,800	113,000	\$1,472,106	\$6,927,565	\$115	\$61
006 0087 047 0000	9,652	50,000	\$127,269	\$1,060,676	\$13	\$21
006 0087 050 0000	49,658	209,200	\$864,920	\$11,327,720	\$17	\$54
006 0087 053 0000	80,586	115,904	\$873,525	\$20,871,400	\$11	\$180
006 0091 022 0005	65,001	65,001	\$1,134,465	\$10,277,987	\$17	\$158
006 0091 026 0001	68,302	136,182	\$1,383,622	\$12,634,944	\$20	\$93
006 0091 027 0000	2,856	8,568	\$56,173	\$476,882	\$20	\$56
006 0096 003 0000	5,558	16,800	\$64,041	\$88,274	\$12	\$5
006 0096 019 0000	3,200	5,680	\$62,705	\$21,550	\$20	\$4
006 0097 013 0000	31,520	327,000	\$2,233,413	\$46,168,642	\$71	\$141
006 0102 007 0000	14,800	171,110	\$3,183,624	\$32,685,206	\$215	\$191
006 0105 013 0000	51,251	160,000	\$4,594,740	\$21,825,026	\$90	\$136
006 0111 003 0000	3,692	10,455	\$183,787	\$45,944	\$50	\$4
006 0111 013 0000	8,800	540,200	\$1,531,535	\$16,174,666	\$174	\$30
006 0112 022 0001	134,147	400,000	\$13,784,225	\$41,974,109	\$103	\$105
006 0122 013 0000	32,000	85,313	\$1,471,165	\$1,268,108	\$46	\$15
006 0136 007 0000	12,841	210,000	\$2,005,683	\$4,641,401	\$156	\$22
006 0141 043 0000	104,108	68,000	\$8,712,400	\$4,418,186	\$84	\$65
006 0142 038 0000	104,108	417,584	\$13,000,000	\$53,000,000	\$125	\$127
006 0143 038 0000	27,360	28,748	\$4,735,640	\$318,450	\$173	\$11
006 0143 040 0000	41,280	123,840	\$979,508	\$4,750,976	\$24	\$38
006 0144 029 0000	104,108	501,610	\$19,754,386	\$84,272,400	\$190	\$168
006 0145 025 0000	104,980	375,000	\$2,583,162	\$21,510,392	\$25	\$57
006 0155 003 0000	9,600	19,200	\$173,095	\$4,608	\$18	\$0
Total / Average	753,075	3,111,060	\$76,692,950	\$286,889,472	\$102	\$92

Appendix A-3
 Downtown Sacramento Management District
 Average Assessments as a Percent of Rents

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Average Assessment per Built Square Foot per Year				\$0.073
Percent Rentable Square Feet				90%
Average Assessment per Rentable Square Foot per Year				\$0.081
Average Assessment per Rentable Square Foot per month				\$0.01
Sacramento CBD Rents	\$1.00	\$1.50	\$2.00	
Assessment as a % of Rent	0.67%	0.45%	0.34%	

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**Appendix A-4
Downtown Sacramento Management Plan
Average Assessment per Built Square Foot**

	Sub-District	Lot Sq. Ft.	Building Sq. Ft.	Total Estimated Assessment		Total Assessment	Avg. Assessment
		<i>Private Parcels Only</i>		<i>per lot s.f.</i>	<i>per building s.f.</i>		<i>per bldg. s.f.</i>
Old Sacramento	1	280,352	598,293	\$0.080	\$0.040	\$46,590	\$0.078
Civic Center	2	1,389,625	3,832,602	\$0.101	\$0.051	\$333,908	\$0.087
Plaza	3	133,978	486,065	\$0.103	\$0.052	\$39,007	\$0.080
DP Shopping Center	3a	795,276	1,207,132	\$0.033	\$0.016	\$45,537	\$0.038
Capitol Mall	4	615,001	1,949,282	\$0.033	\$0.016	\$51,748	\$0.027
K Street Corridor	5	1,104,076	4,737,001	\$0.119	\$0.059	\$412,995	\$0.087
Total / Average		4,318,308	12,810,375	\$0.09	\$0.04	\$929,785	\$0.073

I. DOWNTOWN SACRAMENTO MANAGEMENT DISTRICT AT-A-GLANCE

Developed by a growing coalition of Downtown property and business owners, the Downtown Sacramento Management District is a benefit assessment district proposed to improve the central business district. The management district will provide new security, maintenance and marketing services above and beyond those currently provided by the City. This approach has been used successfully in other downtowns throughout the country to reverse negative image, attract new customers and increase sales, occupancies and property values.

Location: Approximately 65-blocks, including K Street Corridor, Civic Center, Old Sacramento, Downtown Plaza and Capitol Mall.

Services: **Security guide** program to support police and property owner crime prevention efforts;
Maintenance services to increase frequencies of sidewalk, alley, litter and graffiti clean-up;
Revitalization program to promote a positive business image.

Method of Financing: Benefit assessment of privately owned properties, plus a City of Sacramento contribution.

Budget: Total district budget for its first year of operation is **\$1,197,000**. 77.7% of this amount will be generated from assessments on privately-owned property and 22.3% from a City of Sacramento contribution.

Cost: Based upon property location and benefits received, annual assessments on property will range from 3 to 12 cents per square foot of land plus 1.5 to 6 cents per square foot of building.

Cap: Assessments may be subject to changes in the annual Bay Area Consumer Price Index for all urban consumers, not to exceed 3%.

City Services: The City of Sacramento has adopted a resolution that establishes a policy to maintain the existing level of services within the proposed district.

District Formation: District formation requires submission of petitions from private property owners representing at least 50% of total private assessment.

Duration: Per state law, the district will have a 5-year life. After 5 years, the petition process must be repeated for the district to remain.

II. WHY A MANAGEMENT DISTRICT FOR DOWNTOWN?

There are several reasons why now is the right time to form a management district in Downtown Sacramento:

1. The End of an Era for Public Subsidy.

Much of Downtown's recent growth has been catalyzed by redevelopment efforts of the City and Sacramento Housing and Redevelopment Agency (SHRA). Over the past 30 years, SHRA has invested more than \$300 million in Downtown, helping to create and rehabilitate Downtown Plaza, the new convention center, Old Sacramento, Capitol Mall and K Street. SHRA's ability to continue to fund Downtown improvement programs is quickly coming to an end, as the Agency exhausts its bonding capacity for the central business district.

2. The Need to Reverse Downtown's Negative Image.

Tired of reading about the latest crime scene in "*Downtown*" or businesses suffering from the "*K Street Blues*"? Like it or not, real or perceived, Downtown carries a negative image as an unsafe and deteriorating environment. Downtown's image affects all of our businesses, whether we sell widgets or lease office space. A management district would provide visible and effective security, maintenance and marketing services to create a positive image for Downtown.

3. The Need to Eliminate Costly Duplication and Waste.

Who do you call when your alley doesn't get cleaned? Currently, nineteen separate public and private entities, including 4 marketing organizations and 5 business improvement assessment districts, all play a role in managing Downtown Sacramento services. This disjointed bureaucracy -- which we all currently pay for -- results in overlapping maintenance crews, fragmented marketing efforts, high overhead and a lack of direct accountability. A new management district will consolidate much of these efforts, providing unified programming and direct accountability to those who pay. One phone number will get it done!

4. An Opportunity to Establish Private Sector Control and Accountability.

New services will be managed by the Downtown Sacramento Partnership, a non-profit private sector business organization formed for the sole purpose of improving Downtown. Annual management district work plans and budgets will be developed by the Partnership's Property Owners Council, an advisory board composed of stakeholders that own businesses and property in Downtown. New security, maintenance and marketing services will be subject to private sector performance standards, controls and accountability.

III. WHAT IS A MANAGEMENT DISTRICT?

Although new to Sacramento, nearly 400 Downtown management districts currently operate throughout the United States and Canada.

A management district provides essential services, such as maintenance or security, in addition to those provided by local government. Many districts have been formed recently as a local business community response to declining municipal budgets and services.

Management districts are proven to work by providing services that improve the overall viability of central business districts -- resulting in higher property values and sales. A matrix providing information on existing management districts in cities comparable to Sacramento is provided on the following page.

Downtown Sacramento's Management District will be formed pursuant to a new state law. The "Property and Business Improvement District Law of 1994", which was signed into law by Governor Pete Wilson, ushers in a new generation of management districts in California by allowing a greater range of services and independence from government. Key provisions of the new law include:

- o Allows management districts to undertake services ranging from security to maintenance, marketing to capital improvements, economic development to special events.
- o Allows revenue for services to be raised from assessments on property.
- o Requires petition support from private property owners paying at least 50% of proposed private property assessments to form a management district.
- o Allows for the formation of a property and business owner advisory board to supervise district operations and submit a yearly service plan.
- o Requires caps for assessments to insure that they do not exceed pre-established levels.
- o Provides a 5-year life for a management district and requires a new petition process to renew a district.

The "Property and Business Improvement Business District Law of 1994" is provided in *Appendix 1*.

Downtown Sacramento Management District:

SURVEY OF DOWNTOWN MANAGEMENT DISTRICTS

Prepared by Progressive Urban Management Associates (January 1995)

City/ Organization	Year Established	Number of property owners	Annual Budget	Top Four Services Provided	Qualitative or Quantitative Impacts
PHOENIX, AZ Downtown Phoenix Partnership (602) 254-8696	1990	241	\$925,000	Security Marketing/Arts & Culture Streetscape & Design Transportation/Parking	Crime rate decreased by 19% from 1989 to 1993; Retail sales tax revenue increased 83% from 1989 to 1993.
PORTLAND, OR Assoc for Portland Progress (503) 224-8684	1988	350	\$2,350,000	Security Maintenance Business Development Marketing	Survey of Downtown stakeholders finds 72% perceive downtown safer and cleaner in 1992 from 1990 due to Guides and Cleaners.
DENVER, CO Downtown Denver Partnership (303) 534-6161	1980	350	\$1,900,000	Maintenance Management Services Marketing & Promotions Security	Management district - sponsored office leasing program instrumental in reducing office vacancy rate from 31% in 1987 to 15% in 1994.
BUFFALO, NY Buffalo Place (716) 856-3150	1987	170	\$1,100,000	Maintenance Marketing & Promotions Planning & Design Security	1991 study found that overall customer traffic increased 9% from the previous year due to management district marketing and events.
SACRAMENTO, CA Downtown Sacramento Partnership (916) 442-8575	1996 (proposed)	210	\$929,785 (private) \$267,215 (City)	Security Maintenance Revitalization	Aims to make Downtown safer, cleaner and more vibrant -- reversing negative image, increasing property values and sales.

IV. MANAGEMENT DISTRICT BOUNDARY

A. Service Area

The Downtown Sacramento Management District will deliver services within a 65-block area in the heart of the central business district. The area is roughly bounded by "I" and "H" Streets to the north, the Sacramento River to the west, "L" and "N" Streets to the south, and 16th Street to the east. The service area includes 525 properties owned by 210 property owners. The Management District boundary is illustrated by the map on page 4-3, and detailed descriptions of the District and sub-district boundaries are provided in *Appendix 2*.

The service area boundary is influenced by the following factors:

- o The Management District service area includes properties only within the C-3 zoning district. C-3 zoning provides for the highest intensity of commercial uses and density in the central business district.
- o The State Capitol and Park are excluded due to their existing enhanced service level and concern that new services would be redundant. Other State-owned property is initially excluded since the State will not pay assessments at this time.
- o The District boundary could grow to accommodate State-owned property if the State later elects to pay its assessments, or to encompass the Southern Pacific railyard area as it develops.

B. Sub-Districts

Six sub-districts have been created within the 65-block Management District boundary. Sub-district boundaries are drawn to identify areas that are adjacent to or influenced by defining physical and/or economic features in the central business district. Sub-districts, which are illustrated by the map on page 4-3, are described as follows:

1. **Old Sacramento:** Bounded by Interstate 5, the Sacramento River, H and N Streets, the 8-block Old Sacramento sub-district includes the specialty retail and entertainment district within the Old Sacramento Historic District.
2. **Civic Center:** Located north and east of the K Street corridor, the 26-block Civic Center sub-district includes a mixed use area consisting of retail, office and government uses.

3. **Plaza:** Bounded by Interstate 5, J, L and 7th Streets, the 4-block Plaza sub-district includes a variety of properties providing retail, office and hotel uses surrounding, but excluding, the Downtown Plaza Shopping Center, Macy's and Weinstock's.
- 3A. **Downtown Plaza Shopping Center:** This 4-block sub-district is defined as the Downtown Plaza Shopping Center, including all property owned by The Hahn Company plus Macy's and Weinstock's. The Shopping Center currently provides its own enhanced security, maintenance and marketing services.
4. **Capitol Mall:** Bounded by Interstate 5, L, N and 7th Streets, the 10-block Capitol Mall sub-district encompasses properties adjacent to or influenced by the Capitol Mall parkway. Predominate use is office.
5. **K Street:** Bounded by J, L, 7th and 13th Streets, the 13-block K Street sub-district includes property that is adjacent to or influenced by the K Street pedestrian/transit mall. Uses are predominately retail and office.

A detailed description of the Management District boundary and maps with parcel detail are provided in *Appendix 2*.

C. Impact on Existing Assessment Districts

Several existing service districts will be eliminated upon the formation of the new Downtown Sacramento Management District. Services currently provided by these districts will be consolidated and assumed by the new Management District. A map illustrating the before and after impact by the new Management District on existing service districts is provided on page 4-4.

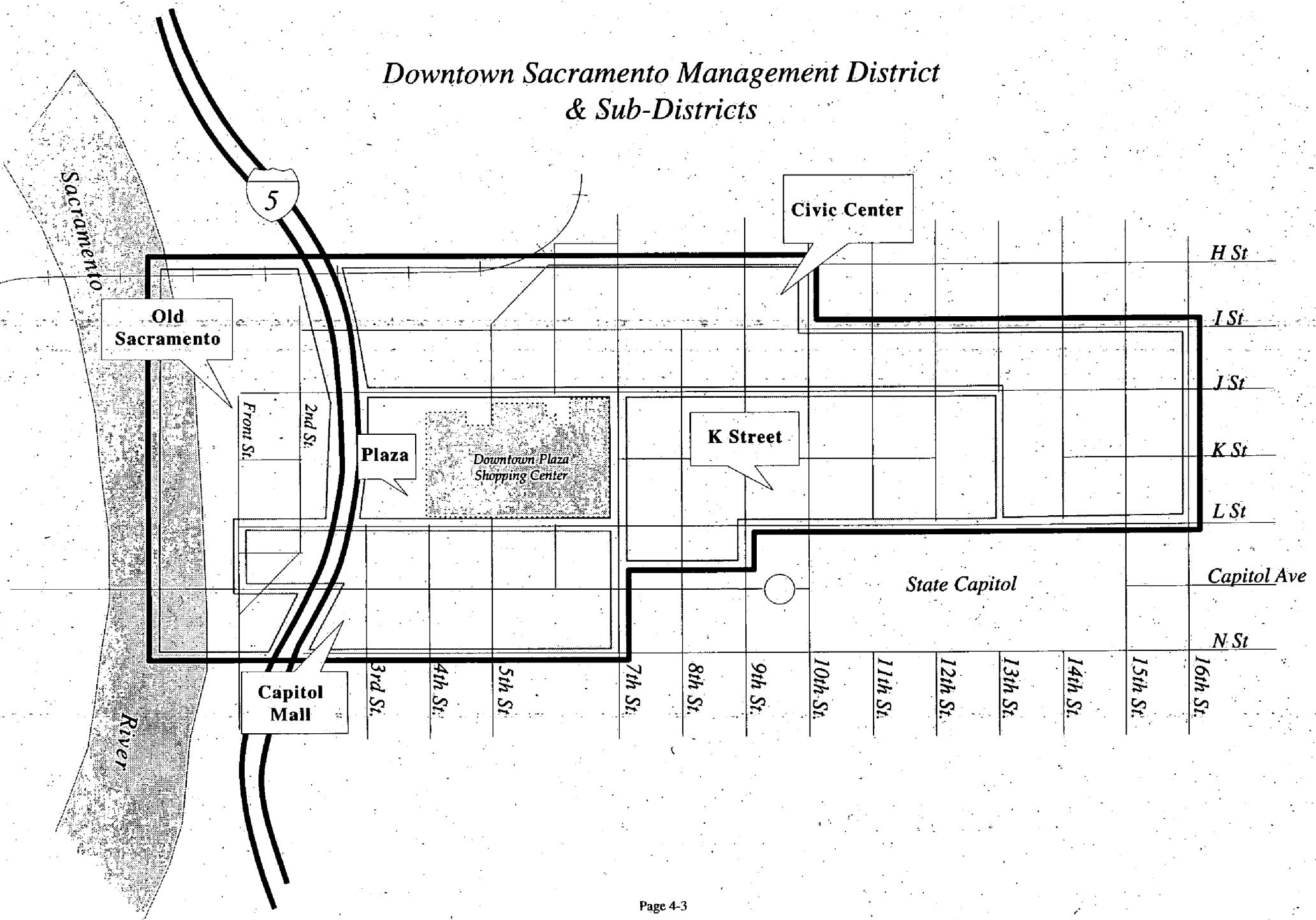
Existing service districts to be eliminated include:

- o Downtown Sidewalk Maintenance District;
- o Downtown Alley Maintenance District;
- o 12th Street Maintenance District (within boundaries of new district);
- o Downtown Business Improvement Area (except for sub-district 3A).

At the request of property and business owners, several existing service districts will remain unchanged. Districts to remain include:

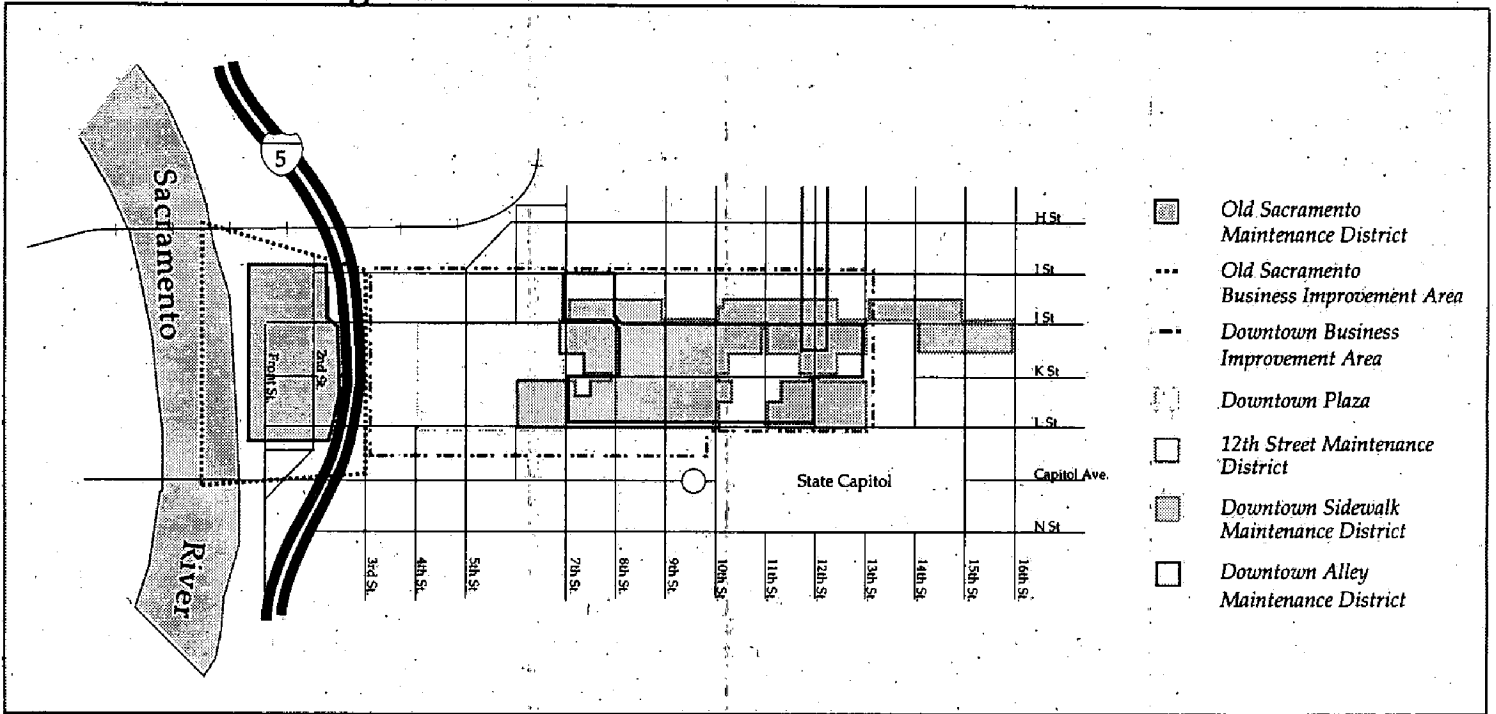
- o Old Sacramento Maintenance District;
- o Old Sacramento Business Improvement Area;
- o Downtown Business Improvement Area (within sub-district 3A only).

Downtown Sacramento Management District & Sub-Districts

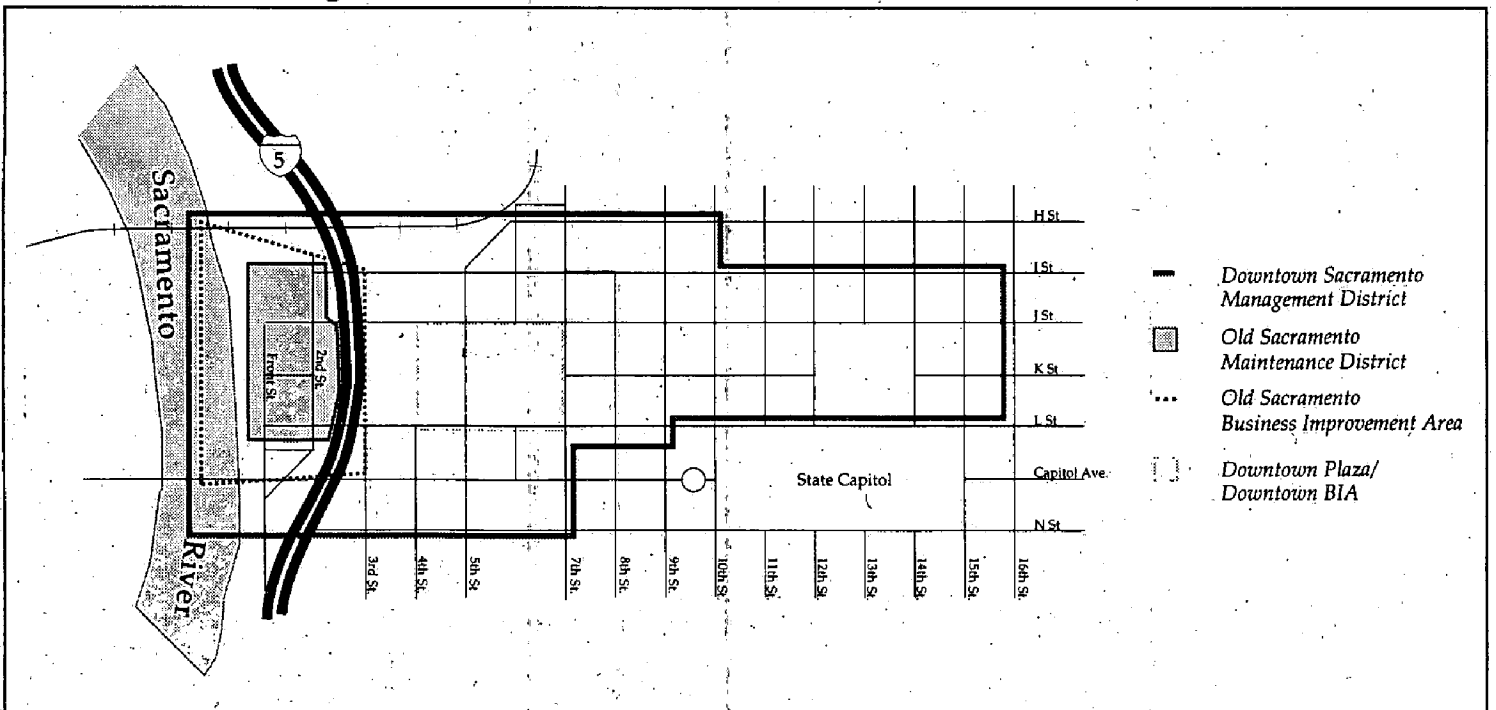


Management District Impact on Existing Downtown Sacramento Service Districts

1995: Before Management District



1996: After Management District



V. SERVICE PLAN

A. History of Establishing the Service Plan

The Downtown Sacramento Management District Service Plan is the outcome of a one-year participatory process that included nearly 200 Downtown business and property owners. The process for establishing the service plan included the following steps:

- o A 20-member task force of the Downtown Sacramento Partnership began the initial investigation into the components needed for a management district service plan. Recommendations were provided in an April 1994 report entitled *Report to the Management Task Force on Existing and Proposed Services in the Downtown*.
- o 56 business and property owners participated in focus groups during April and May of 1994 convened by a Colorado-based consulting firm to develop priorities for improving Downtown Sacramento and reveal the willingness to pay something for new or enhanced services.
- o In May and June of 1994, 79 property owners completed a written survey intended to allow property owners to have input into the determination of management district priorities and parameters.
- o Findings from the preceding report, focus groups and surveys were compiled into recommendations for a management district structure and service plan. The resulting *Blueprint for a Unified Downtown Management District* was submitted by the firm of Progressive Urban Management Associates to the Downtown Sacramento Partnership in July of 1994.
- o During the fall of '94, the Downtown Sacramento Partnership's 25-member Property Owners Committee reviewed and refined the recommendations from the *Blueprint* and established program priorities for security, maintenance and revitalization services. Sub-districts were formed to respond to the different service needs of identifiable sub-markets within the Downtown.
- o During November and December of 1994, the Property Owners Committee convened small group meetings with property owners representing nearly one-third of Downtown Sacramento properties. Based upon the specific issues and needs raised within each sub-district, the Property Owners Committee developed the final service plan that is presented on the following pages.

B. Downtown Sacramento Management District Service Plan

Resulting from the one-year process outlined on the preceding page, the Downtown Sacramento Management District Service Plan provides for security, maintenance and revitalization services above and beyond those currently provided by the City. Existing City services will remain intact pursuant to a "base levels of service" policy discussed in section 7 of this Plan.

Management District services will vary from sub-district to sub-district as requested by property and business owners within each sub-district. These customized service levels respect two basic parameters established by all Downtown stakeholders:

- o Create services that form new value-added relationships;
- o Avoid duplication of services currently provided by the private and/or public sectors.

The Management District will aim to maximize the efficiency of Downtown services under one coordinated management umbrella. Where greater efficiencies can be achieved, existing marketing entities and service districts will be merged into the new Management District. Existing programs and services that currently operate effectively will be preserved and their effectiveness leveraged by working collaboratively with the new Management District.

Program descriptions and budgets of proposed Management District security, maintenance, revitalization and administrative services are provided in the following pages.

i. Security

Guide Program: Modeled after other successful management districts throughout the U.S., the Security Guide program's mission is to support the police department and property owners in overall crime prevention efforts while offering a customer service orientation to Downtown pedestrians. The program will assist in the prevention of break-ins, graffiti tags and general disruptive street elements. In addition to providing enhanced security, guides will be trained on Downtown amenities to direct pedestrians to civic, shopping and business destinations, and will be informed on Downtown promotions and events to encourage public participation.

A minimum of 6 and up to 10 trained security guides will patrol the management district 12 hours a day, 7 days a week. Actual patrol hours may vary to meet the specific needs of each sub-district. The program includes a program manager, lead guide, dispatcher and supplies. A detailed program budget is provided on page 5-8.

Property and business owners within the Downtown Plaza Shopping Center and Capitol Mall sub-districts have requested that guides not be provided within their sub-districts. The guide program is viewed as duplicating existing enhanced security within these sub-districts. Guides will be concentrated in the K Street, Civic Center, Old Sacramento and Plaza sub-districts, and will work collaboratively with existing private security in the Downtown Plaza Shopping Center and Capitol Mall sub-districts. Service ratios of guides per sub-district are as follows:

Security Guide Program: Service Ratio of Guides to Sub-District

<u>Sub-District</u>	<u>Distribution (*)</u>
1 Old Sacramento	1.5
2 Civic Center	2.5
3 Plaza	0.5
3A Downtown Plaza Shopping Center	(**)
4 Capitol Mall	(**)
5 K Street Corridor	3.5

- (*) Each unit is equivalent to 12 hours of daily patrol coverage by one guide.
- (**) As requested by stakeholders within these sub-districts, Management District guides will not be provided within these sub-districts.

ii. Maintenance

New Management District maintenance services will consolidate and increase the frequency of alley, sidewalk, graffiti and litter removal services that are currently delivered by several existing special service districts. Existing special service districts to be eliminated and replaced by the new Management District include:

- o Downtown Sidewalk Maintenance District;
- o Downtown Alley Maintenance District;
- o 12th Street Maintenance District (within boundaries of new district).

Similar to security services, property and business owners in several sub-districts have requested that new maintenance services not be provided. The Downtown Plaza Shopping Center, Capitol Mall and Old Sacramento sub-districts view new maintenance services as duplicating existing services found in these sub-districts. New services will be concentrated in the K Street, Civic Center and Plaza sub-districts.

Proposed Management District maintenance services will be provided through "clean streets" and "city sweep" programs:

Clean Streets Program: Maintenance services will include sweeping, steam cleaning and related surface maintenance control issues. A minimum of 6 and up to 10 street custodians will maintain sidewalks and alleys. Maintenance crews will provide services throughout the week, with varying service frequencies in each sub-district. Detailed program budgets are provided on page 5-8. The initial maintenance frequency schedule per sub-district follows:

Sidewalk/Alley Maintenance: Anticipated Frequencies by Sub-District

<u>Sub-District</u>	<u>Sidewalk Wash</u>	<u>Alley Wash/Clean</u>
1 Old Sacramento	(*)	(*)
2 Civic Center	1/wk	1/mo
3 Plaza	1/wk	0
3A Downtown Plaza Shopping Center	(*)	(*)
4 Capitol Mall	(*)	(*)
5 K Street Corridor	2/wk	2/mo

(*) As requested by stakeholders within these sub-districts, Management District maintenance services will not be provided within these sub-districts.

City Sweep Program: The "city sweep" program will provide litter and graffiti removal seven days per week. Visible city sweep crews will augment Management District security guides to discourage litter and graffiti. Mobile city sweep crews will ensure the daily disposal of litter and will aim to remove graffiti within hours of detection. Sub-districts to receive intensive city sweep services include Civic Center, Plaza and K Street.

At stakeholders' request, city sweep services will not be provided in the Downtown Plaza Shopping Center, Capitol Mall and Old Sacramento sub-districts to avoid the duplication of existing services. At the request of the City of Sacramento, Management District city sweep services will also not be provided for City-owned properties since these services will continue to be provided by City crews.

iii. Revitalization

Prior to the formation of the Downtown Sacramento Partnership and the new Management District, four marketing organizations have been carrying out separate marketing programs for Downtown, often with contrasting or conflicting messages. These organizations include The Downtown District, Sacramento Downtown Association, Old Sacramento Management Board and the Downtown Plaza Shopping Center.

The new Management District will operate a new unified Downtown marketing program that will replace and/or be supported by each existing organization. The Downtown District has already merged its operations into the Downtown Sacramento Partnership and the Sacramento Downtown Association will follow shortly after formation of the new Management District. Old Sacramento and Downtown Plaza have executed cooperative marketing agreements with the Partnership and the new Management District.

Much of the Downtown Business Improvement Area (BIA), which currently finances marketing and promotions programs through a business license assessment, will be eliminated and its programming replaced by the new Management District. The new Management District will work in collaboration with the Downtown Plaza Shopping Center, which will retain the existing Downtown BIA within a modified boundary encompassing the Shopping Center, Macy's and Weinstock's.

It is the intent of Management District revitalization efforts to allow the public to view the area as a single destination with a rich collection of attractions, events and services. Revitalization programs will include marketing, promotions and economic development. Goals of the revitalization effort include increased customer traffic, occupancies, sales and property values.

To direct revitalization programs, the first year Management District budget will include a comprehensive marketing plan. The plan, to be completed by marketing professionals in collaboration with Downtown stakeholders, will provide a detailed framework to direct district efforts to improve Downtown's image and identify methods to leverage pre-existing marketing programs.

iv. Administration

Administration includes all office overhead and personnel required to operate the management district. Examples of administrative costs include rent, accounting, audits, personnel management, office supplies, telephone, etc.

City Administrative Costs: The first year administrative budget includes a one-time payment to reimburse the City for costs associated with the formation of the Management District. In subsequent years, annual City administrative costs will be associated with accounting administration by the City and assessment billing costs incurred by the County of Sacramento.

C. Service Plan Budgets

Service plan budgets have been developed by the Downtown Sacramento Partnership Property Owners Committee to deliver service levels requested by each sub-district. New services are based upon the following allocation of Management District revenues:

- o Security 45% of new services
- o Maintenance 30% of new services
- o Revitalization 25% of new services

Administration costs are estimated at 14% of the total budget. Administrative costs for similar management districts throughout the nation range from 15% to 33%.

Annual service plans and budgets will be developed and approved by the Property Owners Council (see description of Council on page 10-1).

Budget exhibits are provided on the following pages:

- o **Page 5-7:** Proposed First Year Operating Budget: 1996. The operating budget includes a City contribution to the Management District adjusted by its fair share of the Old Sacramento economic benefit adjustment. (The Old Sacramento adjustment is explained on page 6-2.)
- o **Pages 5-8 and 5-9:** Preliminary detail expense budgets for security, maintenance, revitalization and administrative services.
- o **Page 5-10:** Projected Five Year Operating Budget, assuming that yearly adjustments do not exceed changes in the Bay Area Consumer Price Index for all urban consumers, or 3%, whichever is lower. The projection provides a ceiling for the maximum assessments that may be levied by the Management District. As it prepares annual service plans and budgets, the Property Owners Council may elect to not increase the annual assessment.

**Downtown Sacramento Management District Service Plan:
Proposed First Year Operating Budget: 1996**

Program	Total Expense	Source of Revenue:		Portion of Budget
		Private Assessments	City Contribution	
Security	\$463,239	\$362,619	\$100,620	38.7%
Maintenance	\$308,826	\$241,746	\$67,080	25.8%
Revitalization	\$257,355	\$201,455	\$55,900	21.5%
Administration	\$167,580	\$131,180	\$36,400	14.0%
SUB-TOTAL	\$1,197,000	\$937,000	\$260,000	100.0%
TOTAL after Old Sacramento adjustment	\$1,197,000	\$929,785	\$267,215	100.0%

**Downtown Sacramento Partnership Management District:
1996 Detailed Expense Budget**

Security

Guide Program:

Day shift (8 hours)

1 Lead Guide	\$28,000
7 Guides	\$175,000
1 Dispatcher	\$25,000

Night shift (4 hours)

1 Lead Guide	\$14,000
7 Guides	\$87,500
1 Dispatcher	\$12,500

Program Support

Supply Cost	\$55,739
Insurance	\$10,000
Start-Up Costs	\$17,000
Program Manager	\$38,500

Total Security Services

\$463,239

Maintenance

Clean Streets Program:

Alleys

Washing	\$25,000
Blow & Sweep	\$67,650

Sidewalks

Washing	\$33,000
Blow & Sweep	\$90,526

Contract Includes:

Equipment	
Transport Vehicles	
Workers Salaries	

City Sweep Program:

Daily Litter/Graffiti Removal	\$92,650
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Contract Includes:

Equipment	
Transport Vehicles	
Workers Salaries	

Total Maintenance Services

\$308,826

**Downtown Sacramento Partnership Management District:
1996 Detailed Expense Budget (continued)**

Revitalization

Marketing and Business Recruitment:

Marketing Plan	\$50,000
Implementation of Marketing Plan Includes: promotions, brochures, directories, media buys, retail recruitment, economic development, office leasing, etc. — as determined by Plan.	\$207,355

Total Revitalization Services **\$257,355**

Administration

Office overhead and administration of district work plan	\$142,580
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First year one-time reimbursement of City district formation costs	\$25,000
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Total Administration Services **\$167,580**

TOTAL SERVICE PLAN BUDGET **\$1,197,000**

Projected Five Year Maximum Operating Budget: 1996 through 2000

Assumption: Maximum yearly adjustment of 3%

<u>Program Activity</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Private Assessments:					
Security	\$362,619	\$373,498	\$384,702	\$396,244	\$408,131
Maintenance	\$241,746	\$248,998	\$256,468	\$264,162	\$272,087
Revitalization	\$201,455	\$207,499	\$213,724	\$220,135	\$226,739
Administration	\$106,180	\$131,599	\$135,596	\$139,712	\$143,951
City Administrative Costs	\$25,000	\$3,516	\$3,573	\$3,632	\$3,693
<u>SUB-TOTAL</u>	<u>\$937,000</u>	<u>\$965,110</u>	<u>\$994,063</u>	<u>\$1,023,885</u>	<u>\$1,054,602</u>
<u>TOTAL after Old Sacramento adjustment</u>	<u>\$929,785</u>	<u>\$957,679</u>	<u>\$986,409</u>	<u>\$1,016,001</u>	<u>\$1,046,481</u>
Plus: City Contribution	\$267,215	\$275,231	\$283,488	\$291,993	\$300,753
<u>TOTAL</u>	<u>\$1,197,000</u>	<u>\$1,232,910</u>	<u>\$1,269,897</u>	<u>\$1,307,994</u>	<u>\$1,347,234</u>

VI. ASSESSMENTS

A. ASSESSMENT METHODOLOGY

i. Base Formula

Property owners, merchants and other Downtown Sacramento stakeholders have emphasized that an assessment formula for the proposed management district be fair, balanced and commensurate with benefits received.

Variables for the base formula are gross lot square footage and gross building square footage. Lot square footage is relevant to the highest and best use of a property and will reflect the long term value implications of the property improvement district. Building square footage is relevant to the interim use of a property and can be utilized to measure short and mid-term value impacts to tenant retention and recruitment.

The recommended base formula weighs gross lot square footage by a factor of two (2) and gross building square footage by a factor of one (1):

$$2.0 \text{ (gross lot square footage)} \times 1.0 \text{ (gross building square footage)}$$

More emphasis is placed on gross lot square footage due to the more substantial long term value impacts on highest and best use and due to the nature of proposed district services providing more direct benefit to ground floor property and land. Less emphasis is placed on gross building square footage due to the short term benefits for interim uses and the dilution of direct benefit to uses above the ground floor.

ii. Determination of Sub-Districts

New maintenance, security and revitalization services are anticipated throughout the property improvement district. Different frequencies of maintenance and security services will be provided within each of the six sub-districts as determined by stakeholders in each sub-district.

Sub-district boundaries are drawn to identify areas that are adjacent to or influenced by defining physical and/or economic features in the central business district. Descriptions and rationale for sub-districts are provided on page 4-1 and illustrated in the map on page 4-3.

iii. Service Cost Allocations

To distribute costs for varying direct benefits from maintenance and security services within the proposed district, base formula service cost allocations are proposed. Service cost allocations for each of the six sub-districts are based upon an allocation of direct and perimeter benefits:

Direct benefit is based upon the actual frequency of service anticipated within a designated sub-district.

Perimeter benefit aims to measure the indirect benefits of improvement for Downtown as a whole.

To determine service cost allocations for each of the six sub-districts a direct cost allocation analysis has been prepared, based upon proposed frequencies of service for maintenance and security, plus an assumption that each district will benefit equally from Downtown-wide revitalization services. The detailed calculation of sub-district service cost allocations is provided in *Appendix 3*.

Old Sacramento Economic Benefit Adjustment: An economic benefit adjustment has been provided for the Old Sacramento sub-district due to stringent development restrictions. Restrictions on height, scale and mass of buildings in the historic district limit the highest and best use potential of properties within this sub-district as compared to properties located within the remainder of the C-3 zoning district. Since these limitations on development rights prevent Old Sacramento properties from attaining the full long term economic benefit of District services, a 40% reduction in the overall assessment has been established. This cost reduction is redistributed to the sub-districts and City contribution based on their pro-rata funding share.

501(c)(3) Exemption: Properties owned by tax-exempt organizations, such as churches, qualify for a reduction in assessments in proportion to the real property tax exemption currently applied. The assessment policy on 501(c)(3) organizations is provided on page 8-1.

Government-Owned Property: Properties owned by local, state and federal government may choose to pay assessments as part of a management district. For the Downtown Sacramento Management District, the City of Sacramento will be providing a contribution. County, state and federal property owners may opt to participate in the future.

iv. Annual Assessments by Sub-District

The application of the preceding base formula and service cost allocations detailed in Appendix 3 is provided in the following chart. Each sub-district is assigned an annual assessment that is applied to the lot and building square footage for each property.

<u>Sub-District</u>	<u>Estimated Annual Sub-District Assessment:1996</u> <u>(per lot sq.ft.) + (per building sq.ft.)</u>		
1. Old Sacramento	\$ 0.080	+	\$ 0.040
2. Civic Center	\$ 0.101	+	\$ 0.051
3. Plaza	\$ 0.103	+	\$ 0.052
3A. Dtn Plaza S.C.	\$ 0.033	+	\$ 0.016
4. Capitol Mall	\$ 0.033	+	\$ 0.016
5. K Street	\$ 0.119	+	\$ 0.059

The preceding assessments are estimates and may be revised if parcel lot and building square foot information is changed. In future years, assessments may change if either lot or building square footage and/or service levels change.

Assessment Notice: An assessment notice will be sent to owners of each property in the Management District. The assessment notice provides an estimated assessment based upon the square footage of each individual property. The individual assessment for an individual property may change, up or down, if the square footage allocations differ from those found on the assessment notice. A list of properties to be included in the Management District and their identified benefit sub-district is provided within *Appendix 4*.

B. ANNUAL ASSESSMENT ADJUSTMENTS

CPI Adjustments: For the initial five years of the management district, annual assessments may be adjusted by the Management District's Property Owners Council for annual changes in the Bay Area Consumer Price Index (CPI) for all urban consumers, or 3%, whichever is less. A budget exhibit providing maximum total assessments with a 3% yearly adjustment is provided on page 5-10.

Budget Adjustments: 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 CPI adjustment, to adjust for surpluses or deficits that are carried forward.

C. 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 the management district assessments.

D. CITY CONTRIBUTION

A significant number of properties owned by the City of Sacramento are located within the boundaries of the proposed Management District. In recognition of the benefits to be received by City-owned properties and to support the unified management district concept, the City will be asked to provide an annual contribution to the District prior to formation.

The letter from Mayor Joe Serna and Councilmember Heather Fargo provided in *Appendix 5* affirms support for the concept of the City paying a "fair share" of assessments for City-owned properties within the Management District. The letter states that upon securing private property owner petition support for the Management District, the Mayor and Councilmember Fargo will seek City Council's support for a contribution commensurate with annual assessments on City-owned properties.

VII. CONTINUATION OF CITY SERVICES

Throughout the process to establish the Downtown Sacramento Management District, business and property owners have voiced concerns that the City of Sacramento maintain existing services at verifiable "baseline" service levels. A formal base levels of service policy ensures that existing City services are enhanced, not replaced, by new Management District services.

In anticipation of the Downtown Sacramento Management District being formed, the City of Sacramento and the Downtown Sacramento Partnership have initiated both citywide and Downtown base levels of service policies.

Citywide Base Levels of Service Policy

At its January 10, 1995, meeting, the Sacramento City Council adopted a resolution committing the City to establish and maintain base levels of service within management districts and business improvement areas. The policy states that "basic service levels" provided to any area must be paid for by general City revenues, and not subsidized by revenue which the management district generates for enhanced levels of service.

The policy allows for adjustments in the "basic service levels" commensurate with changes in the City's overall financial condition. Citywide service reductions can trigger a proportionate reduction in base levels of service within a management district.

City of Sacramento Resolution Number 95-012 establishing this policy is provided in *Appendix 6*.

Consistent with this new City policy, Downtown's City base levels of service will be quantified in an "area specific current services agreement" between the City and the Management District prior to district formation.

VIII. MANAGEMENT DISTRICT RULES AND REGULATIONS

Pursuant to the Property and Business Improvement Law of 1994, a management district may establish rules and regulations that uniquely apply to the district. Two initial rules and regulations are to be employed by the Downtown Sacramento Management District:

1. Assessment Policy on 501(c)(3) Organizations

An owner of real property located within the Property and Business Improvement 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 which has obtained federal tax-exemption under Internal Revenue Code Section 501(c)(3) or California franchise tax-exemption under Revenue and Taxation Code Section 23701d.
- b. The class or category of real property is exempt, in whole or in part, from real property taxation.
- c. The property owner makes the request in writing to the County Assessor, accompanied by documentation of the tax-exempt status of the property owner and the class or category of real property.
- d. The County Assessor is in receipt of the request and accompanying documentation no later than 30 days from the date that the assessor's office mails the notice of assessment.

If all of these conditions are met, the amount of the assessment to be levied shall be reduced in proportion to the real property tax exemption applied to the class or category of real property.

2. Competitive Bidding

Following the formation of the Management District, the Property Owners Council shall develop a policy for competitive bidding. The policy will aim to maximize service quality, efficiency and cost effectiveness.

IX. IMPLEMENTATION TIMETABLE

The Downtown Sacramento Management District is expected to be operational by January 1, 1996. In order to meet this goal, the following procedural timetable is anticipated:

<u>Date</u>	<u>Activity</u>
February 1, 1995	Initiate petition drive.
February 1 through April 4	Collect petitions executed by property owners.
April 11	City Council adopts resolution of intention to form the Downtown Sacramento Management District.
May 23	City Council conducts public meeting.
May 30	City Council conducts public hearing and forms District.
July 1	Assessment roll submitted to County Auditor.
July 1	Downtown Sacramento Partnership and Property Owner Council begin planning and start-up functions for the Downtown Sacramento Management District operations.
Oct/Nov	Property owners receive notice of 1995/96 property taxes due, including Downtown Sacramento Management District Assessment.
January 1, 1996	Downtown Sacramento Management District begins operations.

Pursuant to state law, the Downtown Sacramento Management District will initially have a five-year life through the end of the year 2000. In order to continue the management district for an additional five years, the preceding petition and public hearing process must be repeated.

X. DISTRICT GOVERNANCE

A. Downtown Sacramento Partnership

The Downtown Sacramento Partnership will be responsible for the day-to-day operations of the Downtown Sacramento Management District. The Downtown Sacramento Partnership is a private non-profit business organization that is guided by the following mission:

"Downtown Sacramento Partnership, a private nonprofit membership organization, is dedicated to planning, managing and developing Downtown Sacramento as the clean, safe and vibrant urban center of the greater Sacramento region."

B. Property Owners Council

Under the management structure adopted by the Partnership, Downtown Sacramento Management District budgets and assessments will be set by a Property Owners Council consisting of 9 members. The Property Owners Council will serve in the same capacity as the "advisory board" described in Chapter 3, section 36631 of the state law (the "Property and Business Improvement District Law of 1994" is provided in *Appendix I*).

Members of the Property Owners Council will be nominated by property owners that are assessed within the District, and, pursuant to state law, appointed by the Sacramento City Council. All 9 members of the Property Owners Council will hold seats on the Partnership board of directors.

The Property Owners Council will develop annual service plan reports, including budgets, and monitor service delivery.

Pursuant to state law, the District will technically be required to get Sacramento City Council approval of annual budgets. To satisfy this process and retain property owner influence, budgets developed by the Property Owners Council will first be sent on to the Partnership board. The Partnership board will then submit District budgets to the City Council for approval. After approving the budget, the City Council will contract with the Partnership to deliver District services.

To ensure broad representation and accountability, the Property Owners Council will consist of the following representatives:

- o One representative from each of five primary service sectors, including:
 - * Old Sacramento
 - * Civic Center
 - * Plaza
 - * Capitol Mall
 - * K Street
- o One business licensee who is not a property owner (required by state law);
- o One City of Sacramento representative;
- o Two at-large property owners.

A mix of large and small property owners will be sought within the preceding Property Owners Council composition.

**C. Downtown Sacramento Partnership
Property Owners Committee**

The policies and parameters of the Downtown Sacramento Management District Plan have been drafted and endorsed by members of the Partnership's Property Owners Committee. A roster for the Committee is provided on the following page.

Property Owners Committee

Co-Chairs

Roy E. Brewer

Hunter, McCray, Richey & Brewer,
represents Southern Pacific Railyards
441-4420

Tom McEfee

The Huntington Group,
971-1700

Scott Stephens

William, Wilson & Associates,
represents Wells Fargo Center
448-0400

Members

Sharron Coulter

Coulter & Co.; *represents 3 properties,*
482-3760

Russell Cunningham

Desmond, Miller & Desmond,
represents 1006 4th St.,
443-2051

Harriet Derwingson

Pacific Bell; *represents 1423 J St.,*
972-2119

Norm Eilert

Teichert, Inc.; *represents Downtown Plaza,*
484-3265

Lina Fat

Fat City Bar & Cafe; *represents 3 properties,*
446-6768

Rusty Hammer

Sacramento Chamber of Commerce;
represents 917 7th St.
552-6800

Jonathan Heim

Apollo Funding Group; *represents 900 J St.,*
483-2772

Roger Kittredge

CA Dental Association; *represents 1201 K St.,*
443-0505

Moe Mohanna

Western Development;
represents 12 properties,
447-5232

Dave Scurfield

Scurfield Company;
represents 3 Old Sacramento properties,
446-7211

David Taylor

Lankford & Taylor; *represents 2 properties,*
638-0242

Supporting Members

Larry Anapolksy

EWL Partnership,
446-6175

Ed Astone

Old Sacramento Town Manager,
264-7031

Kay Backer

KB International,
486-2630

Butch Corum

Corum Real Estate; *represents 1005 12th St,*
441-1111

Heather Fargo

City Council Member, District 1,
264-7001

Barbara Little

Voit Management,
641-8112

Gene Masuda

Sacramento Housing & Redevelopment Agency
Downtown Development,
264-1515

Michael Picker

Chief of Staff, Mayor's Office,
264-5073

Joe Serna, Jr.

Mayor of Sacramento,
264-5300

Robert Thomas

Deputy City Manager,
264-5050

Appendix 1:

AB 3754: The Property and Business Improvement
District Law of 1994

Assembly Bill No. 3754

CHAPTER 897

An act to add Part 7 (commencing with Section 36600) to Division 18 of the Streets and Highways Code, relating to benefit assessments.

[Approved by Governor September 26, 1994. Filed with Secretary of State September 27, 1994.]

LEGISLATIVE COUNSEL'S DIGEST

AB 3754, Caldera. Parking and business improvement areas: benefit assessments.

Under the Parking and Business Improvement Area Law of 1989, a parking and business improvement area may be established by a city to impose benefit assessments or charges on businesses in the area to fund specified improvements and activities.

This bill would enact a similar law, entitled the Property and Business Improvement District Law of 1994, to supplement previously enacted provisions of law that authorize cities to levy assessments within a business improvement area.

The people of the State of California do enact as follows:

SECTION 1. Part 7 (commencing with Section 36600) is added to Division 18 of the Streets and Highways Code, to read:

PART 7. PROPERTY AND BUSINESS IMPROVEMENT
DISTRICT LAW OF 1994

CHAPTER 1. GENERAL PROVISIONS

Article 1. Declarations

36600. This part shall be known and may be cited as the "Property and Business Improvement District Law of 1994."

36601. The Legislature finds and declares all of the following:

(a) Businesses located and operating within the business districts 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 the business districts of its cities 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 cities to fund property related improvements, maintenance, and activities through the levy of assessments upon the real property that benefits from those

improvements.

(d) Assessments levied for the purpose of providing improvements and promoting activities that benefit real property are not taxes for the general benefit of a city, but are assessments for the improvements and activities which confer special benefits upon the real property for which the improvement and activities are provided.

36602. The purpose of this part is to supplement previously enacted provisions of law that authorize cities to levy assessments within a business improvement area. 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. 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)).

36604. 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

36605. "Advisory board" means the advisory board or commission appointed by the city council pursuant to Section 36631.

36606. "Assessment" means a levy for the purpose of acquiring, constructing, installing, or maintaining improvements and promoting activities which will benefit the properties located within a property and business improvement district.

36607. "Business" means all types of businesses and includes financial institutions and professions.

36608. "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.

36609. "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.

36610. "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 area.
- (k) Ramps, sidewalks, plazas, and pedestrian malls.
- (l) Rehabilitation or removal of existing structures.

36611. "Property and business improvement district," or "district," means a property and business improvement district established pursuant to this part.

36612. "Property" means real property situated within a district.

36613. "Activities" means, but is not limited to, all of the following:

- (a) Promotion of public events which benefit businesses or real property in the district.
- (b) Furnishing of music in any public place within the district.
- (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) Activities which benefit businesses and real property located in the district.

36614. "Management district plan" or "plan" means a proposal as defined in Section 36622.

36615. "Property owner" or "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. The city council has no obligation to obtain other information as to the ownership of land, and its determination of ownership shall be final and conclusive for the purposes of this part. A public agency is not a property owner of land for purposes of this part without the express consent of the agency.

36616. "Tenant" means an occupant pursuant to a lease of commercial space or a dwelling unit, other than an owner.

Article 3. Prior Law

36617. 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. A property and business improvement district may be established as provided in this chapter.

36620.5. 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. Upon the written petition, signed and acknowledged, of the property 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 owned by the same property owner which 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 owners who will pay more than 50 percent of the total amount of assessments proposed to be levied. The petition of property owners shall include the management district plan. The resolution of intention shall contain all of the following:

- (a) The management district plan.
- (b) 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 not be held more than 60 days after the adoption of the resolution of intention.

36622. The management district plan shall contain all of the following:

- (a) A map of the district in sufficient detail to locate each parcel of property within the district.
- (b) The name of the proposed district.
- (c) A description of the boundaries of the district, including the boundaries of any benefit zones, proposed for establishment or extension in a manner sufficient to identify the lands included. Under no circumstances shall the boundaries of a proposed district overlap with the boundaries of another existing district created pursuant to this part. Nothing in this part prohibits 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.

(d) The improvements and activities proposed for each year of operation of the district and the maximum cost thereof.

(e) The total annual amount proposed to be expended for improvements, maintenance and operations in each year of operation of the district.

(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 owner to calculate the amount of the assessment to be levied against his or her property.

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

(h) The specific number of years, to a maximum of five, in which assessments will be levied. 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) A list, by assessor's parcel number, of the properties to be benefited, and a statement of the method or methods by which the expenses of a district will be imposed upon benefited real property, in proportion to the benefit received by the property, to defray the cost thereof, including operation and maintenance. The plan may provide that all or any class or category of real property which is exempt by law from real property taxation may nevertheless be included within the boundaries of the district but shall not be subject to the assessment.

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

36623. If a city council proposes to levy a new or increased benefit assessment, notice shall be given pursuant to Section 54954.6 of the Government Code. In addition, the city council shall publish the resolution of intention in a newspaper of general circulation in the city once, at least seven days before the public meeting, and shall mail the resolution of intention by first-class mail to each property owner in the district and to each local chamber of commerce and business organization known by the city council to be located within the proposed district not later than 10 days before the public meeting. Notice of all other public meetings and public hearings shall comply with both the following:

(a) The resolution of intention shall be published in a newspaper of general circulation in the city once, at least seven days before the public meeting; and

(b) A complete copy of the resolution of intention shall be mailed by first-class mail to each property owner in the district and each

local chamber of commerce and business organization known by the city council to be located within the proposed district no later than 10 days before the public meeting.

36624. (a) At the public hearing, the city council shall hear and consider all protests against the establishment of the district, the extent of the district, or the furnishing of specified types of improvements or activities within the district. A protest may be made orally or in writing by any interested person. Any protest pertaining to the regularity or sufficiency of the proceedings shall be in writing and shall clearly set forth the irregularity or defect to which the objection is made.

(b) Every written protest shall be filed with the clerk no later than thirty days after the resolution of preliminary adoption adopted pursuant to Section 36627. The city council may waive any irregularity in the form or content of any written protest and may correct minor defects in the proceedings. A protest may be withdrawn in writing at any time before thirty days after the conclusion of the last day of public hearing.

(c) Each written protest shall contain a description of the property in which the person subscribing the protest is interested sufficient to identify the property. A written protest which does not comply with this section shall not be counted in determining a majority protest.

36625. (a) If written protests are received from the owners of real property in the district who 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 create the specified property and business improvement district or to levy the proposed assessment, 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. If the city council finds a majority protest in connection with a proposed modification pursuant to Section 36640 or 36642, then no further proceedings to establish the same or substantially similar modifications shall be taken for a period of one year from the date of the finding of a majority protest by the city council.

(b) If the majority protest is only against the furnishing of a specified type or types of improvement or activity within the district, only those types of improvements or activities shall be eliminated.

36626. (a) 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 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 which will not benefit from the proposed improvements or activities. Any

modifications, revisions, reductions, or changes to the proposed assessment district shall be reflected in the notice and map recorded pursuant to Section 36626.6.

(b) The city council shall not change the boundaries of the district to include any territory that will not, in its judgment, benefit by the improvement or activity. Any addition of territory to the proposed boundaries of the district may be made only upon notice to the owners of the property proposed to be added to the district, as provided in Section 36623, and upon a public hearing on the addition of territory, as provided in Section 36624.

36626.5. If the city council, following the public hearing, desires to establish the proposed property and business improvement district, and the city council has made changes pursuant to Section 36626, and the changes are not merely clerical changes or corrections, the city council shall adopt a resolution of preliminary adoption that shall contain all of the following:

(a) The management district plan.

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

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

(d) A determination regarding any protests received.

(e) A statement that the properties in the district established by the resolution shall be subject to any amendments to this part.

(f) A statement that the improvements and activities to be provided 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 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.

(g) A finding that the property within the business and improvement area will be benefited by the improvements and activities funded by the assessments proposed to be levied.

36626.6. Following adoption of the resolution, the clerk or secretary of the local agency shall record a notice and map describing the assessment district pursuant to Division 4.5 (commencing with Section 3100). All the provisions of that Division 4.5 apply to the assessment district.

36626.7. Not earlier than 30 days after the resolution of preliminary adoption, if the city council decides to establish the proposed property and business improvement district, and if there is not a majority protest as described in Section 36625, the city council shall adopt a resolution consistent with the resolution of preliminary adoption. The adoption of the resolution and recordation of the notice and map pursuant to Section 36626.6 shall constitute the levy of an assessment in each of the fiscal years referred to in the management district plan. The resolution shall contain all of the

following:

- (a) The management district plan.
- (b) The number, date of adoption, and title of the resolution of intention and resolution of preliminary adoption.
- (c) The time and place where the public hearing was held concerning the establishment of the district.
- (d) A determination regarding any protests received.
- (e) A statement that a property and business improvement district has been established.
- (f) A statement that the properties in the district established by the resolution shall be subject to any amendments to this part.
- (g) A statement that the improvements and activities to be provided 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 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.
- (h) A finding that the property within the property and business improvement district will be benefited by the improvements and activities funded by the assessments proposed to be levied.

36627. If the city council, following the public hearing, desires to establish the proposed property and business improvement district, and the city council has not made changes pursuant to Section 36626, or has made merely clerical changes or corrections, the city council shall adopt a resolution establishing the district. The resolution shall contain all of the information specified in subdivisions (a) to (h), inclusive, of Section 36626.7, but need not contain information about the preliminary resolution if none has been adopted.

36628. 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.

36629. 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. The city council shall, to establish, modify, or disestablish a benefit zone, follow the procedure to establish, modify, or disestablish a parking and business improvement area.

36630. 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 a new district established pursuant to this part.

CHAPTER 3. ASSESSMENTS

36631. (a) Within 15 days of the receipt of the written petition described in Section 36621, the city council shall appoint an advisory board which shall make a recommendation to the city council on the expenditure of revenues derived from the levy of assessments pursuant to this part, on the classification of properties, as applicable, and on the method and basis of levying the assessments. The city council may designate existing advisory boards or commissions to serve as the advisory board for the district or may create a new advisory board for that purpose. At least one member of the advisory board shall be a business licensee within the district who is not also a property owner within the district.

(b) Any advisory board appointed by the city council pursuant to subdivision (a) shall comply with the provisions of the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code).

36632. 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 establishing the management district plan described in Section 36622. The assessments 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.

36633. (a) The advisory board shall cause to be prepared a report for each fiscal year for which assessments are to be levied and collected to pay the costs of the improvements and activities described in the report. 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, 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 benefits zones within the district.

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

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

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

(5) The amount of any surplus or deficit revenues to be carried

over from a previous fiscal year.

(6) The 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 advisory board or may modify any particular contained in the report and approve it as modified. Any modification shall be made pursuant to Sections 36640 and 36641. 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.

36634. (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) Properties in private 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.

36635. The validity of assessment levied under this part shall not be contested in any action or proceeding unless the action or proceeding is commenced within 30 days after the ordinance levying the assessment is adopted pursuant to Section 36627. Any appeal from a final judgment in an action or proceeding shall be perfected within 30 days after the entry of judgment.

36636. 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.

CHAPTER 4. MODIFICATION OF BOUNDARIES, ASSESSMENTS, IMPROVEMENTS, OR ACTIVITIES

36640. The advisory board 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.

36641. (a) Upon the written request of the advisory board, the city council may modify the management district plan by adopting a resolution after holding hearings on the proposed modification pursuant to Sections 36623, 36624, 36625, and 36626.

(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 60 days after the adoption of the resolution of intention. Notice of the public hearing shall be as provided in Section 36623. The public hearing shall be conducted as provided in Sections 36624, 36625, and 36626.

36642. (a) 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. Notice of the public hearing and the proposed modifications shall be published as provided in Section 36623.

(b) The public hearing shall be conducted as provided in Sections 36624, 36625, and 36626.

36643. Any subsequent modification of the resolution shall be reflected in subsequent notices and maps recorded pursuant to Division 4.5 (commencing with Section 3100).

CHAPTER 5. DISESTABLISHMENT

36650. (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. The notice and hearing shall be held pursuant to Sections 36623 and 36624.

(2) During the operation of the district, there shall be a 30-day period each year in which assesses may request disestablishment of the district. The first such period shall begin one year after the date of establishment of the district and shall continue for 30 days. The next such 30-day period shall begin two years after the date of the establishment of the district. Each successive year of operation of the district shall have such a 30-day period. Upon the written petition of the owners of real property in the area 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. The notice and hearing shall be held pursuant to Sections 36623 and 36624.

(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 public hearing shall be held not less than 20 or more than 30 days after the adoption of the resolution of intention. Notice of the public hearing shall be published as provided in Section 36623.

36651. (a) Upon the disestablishment of a district, any remaining revenues derived from the levy of assessments, or any revenues derived from the sale of assets acquired with the revenues, shall be refunded to the owners of the property 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.

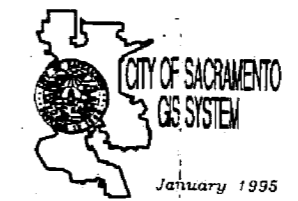
(b) If the disestablishment occurs before an assessment is levied for the fiscal year, the method and basis that was used to calculate the assessments levied in the immediate prior fiscal year shall be used to calculate the amount of any refund. Notice of the disestablishment of a district shall be published once in a newspaper of general circulation in the city, not later than 15 days after the ordinance disestablishing the district is adopted.

O

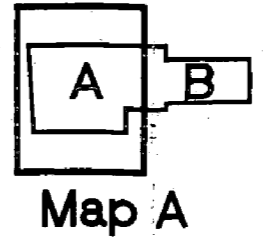
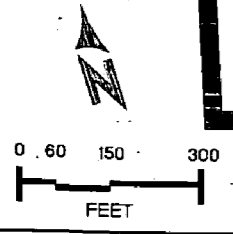
Appendix 2:

Maps with parcel detail.
Detailed boundary description.

District Boundary
 Zone of Benefit Sub-District Boundary
Zone of Benefit Sub-District Number

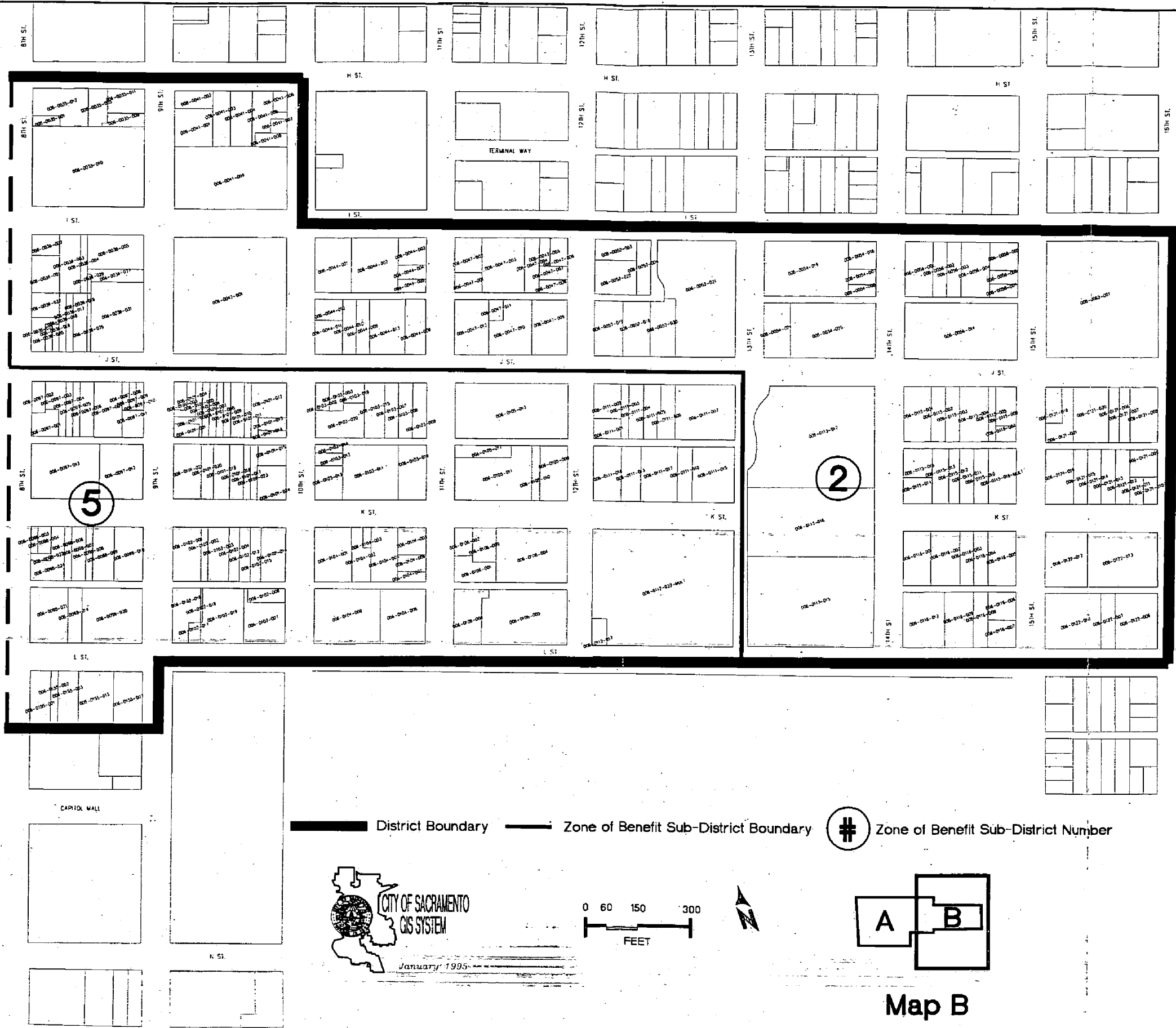


SEE MAP B
 O-T-Z-M-A-R-A-S-N-W-O-T-N-W-D
 M-A-N-A-G-E-M-E-N-T
 D-I-S-T-R-I-C-T

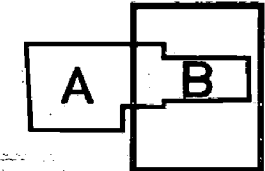
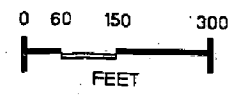
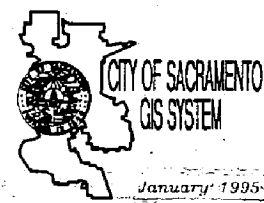


DOWN TOWN SACRAMENTO
 STREET DISTRICT MANAGEMENT ZONING

SEE MAP A



District Boundary
 Zone of Benefit Sub-District Boundary
 # Zone of Benefit Sub-District Number



Map B

January 1995

Appendix 3:

Detailed calculation of service cost allocations.

**Appendix 3:
Detailed Calculation of Service Cost Allocations**

Service cost allocations are based upon the direct cost allocation of services received by each sub-district. The exhibits on the following five pages illustrate the analysis used for security, maintenance and marketing services.

- o **Exhibit 1** provides a summary of the service plan budget which is the starting point for the benefit adjustment analysis. The total service budget is adjusted to remove the City contribution resulting in the total budget to be financed by assessments.
- o **Exhibit 2** provides a distribution of benefits arising from security guide services. Benefits will be provided to all properties by making Downtown more secure and creating a team of customer service representatives throughout the central business district. To account for this perimeter benefit, all sub-districts are assessed a pro rata share, based on the sum of lot square footage and 50% of building square footage, of 25% of the total security guide program budget. The remaining 75% of the total security guide program budget is distributed through a direct cost allocation basis, which is based upon the actual distribution of security guides within each sub-district.
- o **Exhibit 3** provides a summary of the distribution of benefits attributed to maintenance services. Direct benefit is determined by multiplying the respective frequencies by the number of alleys or block sides pertaining to that activity. Costs are shared only by those sub-districts receiving direct maintenance services.
- o **Exhibit 4** illustrates the benefit distribution of revitalization services. New Management District revitalization services are anticipated to benefit all properties within each sub-district by improving Downtown's overall image. Reflecting the overall uniform distribution of benefit, all Downtown properties are assessed at the same rate.
- o **Exhibit 5** provides a summary of all service cost allocations resulting in the estimated assessment on lot and building square footage. Service cost allocations are adjusted to account for the economic benefit adjustment applied to the Old Sacramento sub-district. The 40% reduction in Old Sacramento assessments is reallocated among all other sub-districts and the City contribution.

The resulting assessments are estimates and may be revised if parcel lot and building square foot information is changed. In future years, assessments may change if either lot or building square footage and/or service levels change.

**Appendix 3 - Exhibit 1
Downtown Sacramento Management District
Summary of Estimated Cost per Service**

	Security	Maintenance	Marketing	Total
Estimated Budget Amount	\$463,239	\$308,826	\$257,355	\$1,029,420
Percent of Budget	45%	30%	25%	100%
Plus Administration	\$75,411	\$50,274	\$41,895	\$167,580
Total Estimated Budget	\$538,650	\$359,100	\$299,250	\$1,197,000
Less City Allocated Budget	\$117,000	\$78,000	\$65,000	\$260,000
Total Privately Allocated Budget	\$421,650	\$281,100	\$234,250	\$937,000
After Old Sacramento Economic Benefit Adjustment				
Total City Contribution	\$120,247	\$80,164	\$66,804	\$267,215
Total Estimated Private Assessments	\$418,403	\$278,936	\$232,446	\$929,785
Total Estimated Management District Funding	\$538,650	\$359,100	\$299,250	\$1,197,000

**Appendix 3 - Exhibit 2
Downtown Sacramento Management District
Security Cost per Sub-District**

	Sub-District	Lot Sq. Ft.	Building Sq. Ft.	Distribution	Perimeter Benefit		Total Share	Estimated Security Assessment	
					25%	75%		per lot s.f.	per building s.f.
		<i>Private Parcels Only</i>							
Old Sacramento	1	280,352	598,293	1.5	\$5,696	\$59,295	\$64,991	\$0.11	\$0.06
Civic Center	2	1,389,625	3,832,602	2.5	\$32,497	\$98,824	\$131,322	\$0.04	\$0.02
Plaza	3	133,978	486,065	0.5	\$3,706	\$19,765	\$23,471	\$0.06	\$0.03
DP Shopping Center	3a	795,276	1,207,132	0.0	\$13,751	\$0	\$13,751	\$0.01	\$0.00
Capitol Mall	4	615,001	1,949,282	0.0	\$15,626	\$0	\$15,626	\$0.01	\$0.00
K Street Corridor	5	1,104,076	4,737,001	3.5	\$34,136	\$138,354	\$172,490	\$0.05	\$0.02
Total		4,318,308	12,810,375	8.0	\$105,413	\$316,238	\$421,650		

**Appendix 3 - Exhibit 3A
Downtown Sacramento Management District
Maintenance Cost per Sub-District**

	Sub-District	Lot Sq. Ft.	Building Sq. Ft.	Share of Cost			Total Cost	Estimated Maintenance Assessment	
				Sidewalks	Alleys	Sweep		per lot s.f.	per building s.f.
		<i>Private Parcels Only</i>							
Old Sacramento	1	280,352	598,293	\$0	\$0	\$0	\$0	\$0.00	\$0.00
Civic Center	2	1,389,625	3,832,602	\$51,210	\$25,071	\$45,073	\$121,354	\$0.04	\$0.02
Plaza	3	133,978	486,065	\$3,340	\$0	\$2,908	\$6,248	\$0.02	\$0.01
DP Shopping Center	3a	795,276	1,207,132	\$0	\$0	\$0	\$0	\$0.00	\$0.00
Capitol Mall	4	615,001	1,949,282	\$0	\$0	\$0	\$0	\$0.00	\$0.00
K Street Corridor	5	1,104,076	4,737,001	\$57,890	\$59,259	\$36,349	\$153,498	\$0.04	\$0.02
Total		4,318,308	12,810,375	\$112,440	\$84,330	\$84,330	\$281,100		

**Appendix 3 - Exhibit 3B
Downtown Sacramento Management District
Maintenance Cost per Sub-District - Allocation Detail**

	Sub-District	Frequency			Area			Share of Cost			Share of Cost		
		Sidewalks	Alleys	Sweep	Sidewalks	Alleys	Sweep (1)	Sidewalks	Alleys	Sweep (1)	Sidewalks	Alleys	Sweep
					<i>Block Sides</i>	<i>Alleys</i>	<i>Block Sides</i>						
Old Sacramento	1	0	0	0	0	0	0	0	0	0	0%	0%	0%
Civic Center	2	1	1	1	92	11	62	92	11	62	46%	30%	53%
Plaza	3	1	0	1	6	0	4	6	0	4	3%	0%	3%
DP Shopping Center	3a	0	0	0	0	0	0	0	0	0	0%	0%	0%
Capitol Mall	4	0	0	0	0	0	0	0	0	0	0%	0%	0%
K Street Corridor	5	2	2	1	52	13	50	104	26	50	51%	70%	43%
Total		4	3	3	150	24	116	202	37	116	100%	100%	100%

(1) Excludes City-owned property where City currently provides service.

**Appendix 3 - Exhibit 4
Downtown Sacramento Management District
Revitalization & Marketing Cost per Sub-District**

	Sub-District	Lot Sq. Ft.	Building Sq. Ft.	Assessed Sq. Ft.	Percent Share	Total Share	Estimated Revitalization Assessment	
		<i>Private Parcels Only</i>					<i>per lot s.f.</i>	<i>per building s.f.</i>
Old Sacramento	1	280,352	598,293	579,499	5%	\$12,659	\$0.02	\$0.01
Civic Center	2	1,389,625	3,832,602	3,305,926	31%	\$72,216	\$0.02	\$0.01
Plaza	3	133,978	486,065	377,011	4%	\$8,236	\$0.02	\$0.01
DP Shopping Center	3a	795,276	1,207,132	1,398,842	13%	\$30,557	\$0.02	\$0.01
Capitol Mall	4	615,001	1,949,282	1,589,642	15%	\$34,725	\$0.02	\$0.01
K Street Corridor	5	1,104,076	4,737,001	3,472,577	32%	\$75,857	\$0.02	\$0.01
Total		4,318,308	12,810,375	10,723,496	100%	\$234,250		

Appendix 3 - Exhibit 5
Downtown Sacramento Management District
Summary of Service Cost Allocation & Total Estimated Assessments

	Sub-District	Lot Sq. Ft.	Building Sq. Ft.	Service Cost Allocation				Total Cost	Economic Adjustment	Total Funding	Total Estimated Assessment		
				Security	Maintenance	Revitalization	Total				per lot s.f.	per building s.f.	
City of Sacramento		<i>Private Parcels Only</i>						\$260,000	\$7,215	\$267,215			
					<i>Per Lot Sq. Ft.</i>								
Old Sacramento	1	280,352	598,293	\$0.11	\$0.00	\$0.02	\$0.13	\$77,650	(\$31,060)	\$46,590	\$0.080	\$0.040	
Civic Center Plaza	2	1,389,625	3,832,602	\$0.04	\$0.04	\$0.02	\$0.10	\$324,892	\$9,015	\$333,908	\$0.101	\$0.051	
DP Shopping Center	3	133,978	486,065	\$0.06	\$0.02	\$0.02	\$0.10	\$37,954	\$1,053	\$39,007	\$0.103	\$0.052	
Capitol Mall	3a	795,276	1,207,132	\$0.01	\$0.00	\$0.02	\$0.03	\$44,308	\$1,229	\$45,537	\$0.033	\$0.016	
K Street Corridor	4	615,001	1,949,282	\$0.01	\$0.00	\$0.02	\$0.03	\$50,351	\$1,397	\$51,748	\$0.033	\$0.016	
	5	1,104,076	4,737,001	\$0.05	\$0.04	\$0.02	\$0.12	\$401,844	\$11,150	\$412,995	\$0.119	\$0.059	
Total		4,318,308	12,810,375					\$1,197,000	\$0	\$1,197,000			

Appendix 4:

List of properties to be benefited, by sub-district.

Area : 1

Assessment Number	Parcel Number	Site Address
1	006 0012 032 0000	120 I St
2	006 0012 036 0000	122 I St
3	006 0012 037 0000	906 2nd St
4	006 0012 021 0000	910 2nd St
5	006 0012 022 0000	914 2nd St
6	006 0012 023 0000	916 2nd St
7	006 0012 024 0000	922 2nd St
8	006 0012 031 0000	117 J St
9	006 0012 030 0000	117 301 J St
11	006 0012 028 0000	928 2nd St
12	006 0071 035 0000	1013 Front St
13	006 0071 034 0000	106 J St
14	006 0071 033 0000	114 J St
16	006 0071 045 0000	122 J St
17	006 0071 027 0000	128 J St
19	006 0071 043 0000	1008 2nd St
20	006 0073 039 0000	1001 2nd St
21	006 0073 040 0000	1009 2nd St
22	006 0073 041 0000	1015 2nd St
23	006 0071 041 0000	1017 Front St
24	006 0071 040 0000	1019 Front St
25	006 0071 050 0000	1025 Front St
26	006 0071 025 0000	101 K St
27	006 0071 014 0000	111 K St
28	006 0071 013 0000	115 K St
29	006 0071 032 0000	1012 2nd St
31	006 0071 038 0000	117 K St
32	006 0071 055 0000	1028 2nd St
33	006 0073 047 0000	1021 2nd St
34	006 0073 045 0000	1023 2nd St
35	006 0073 048 0000	1019 2nd St

38	006 0072 039 0000	108 K St
39	006 0072 046 0000	1111 Front St
40	006 0072 024 0000	1115 Front St
41	006 0072 025 0000	Front St
44	006 0072 032 0000	126 K St
45	006 0072 033 0000	130 K St
46	006 0072 034 0000	1108 2nd St
47	006 0072 035 0000	1110 2nd St
48	006 0072 036 0000	1112 2nd St
49	006 0072 045 0000	1120 2nd St
50	006 0072 043 0000	1128 2nd St
51	006 0074 035 0000	200 K St
52	006 0074 037 0000	1109 2nd St
54	006 0074 032 0000	1117 2nd St
55	006 0136 002 0000	1201 Front St
56	006 0136 003 0000	1207 Front St
57	006 0136 008 0000	1 Capitol Mall
58	006 0136 009 0000	1 Capitol Mall
94	006 0012 020 0002	Firehouse Allee
95	006 0012 034 0002	Firehouse Allee
97	006 0072 030 0000	Firehouse Allee
98	006 0072 031 0000	Firehouse Allee

Area : 2

Assessment Number	Parcel Number	Site Address
100	002 0010 020 0080	The Embarcadero
102	006 0023 006 0000	I St
103	006 0024 032 0000	404 I St
105	006 0024 034 0000	401 J St
106	006 0024 035 0000	419 J St
108	006 0024 044 0000	415 China Town Mall
109	006 0024 045 0000	429 J St
110	006 0024 047 0000	918 5th St
111	006 0024 049 0000	427 J St
113	006 0024 052 0000	331 J St
114	006 0024 053 0000	909 3rd St
122	006 0025 009 0080	
123	006 0025 010 0080	
124	006 0026 018 0000	501 J St
133	006 0032 012 0000	631 J St
136	006 0032 028 0000	601 J St
138	006 0032 029 0002	600 I St
143	006 0034 008 0000	731 J St
144	006 0034 009 0000	727 J St
145	006 0034 010 0000	725 J St
146	006 0034 011 0000	723 J St
147	006 0034 012 0000	719 J St
148	006 0034 013 0000	711 J St
149	006 0034 014 0000	707 J St
150	006 0034 015 0000	705 J St
151	006 0034 016 0000	703 J St
152	006 0034 017 0000	923 7th St
153	006 0034 018 0000	917 7th St
154	006 0034 019 0000	900 8th St
155	006 0035 001 0000	809 8th St
156	006 0035 005 0000	816 H St

Assessment
Number

Parcel Number

Site Address

157	006 0035 009 0000	812 9th St
159	006 0035.011 0000	800 9th St
160	006 0035 012 0000	800 H St
176	006 0036 031 0000	980 9th St
194	006 0044 006 0000	1029 J St
195	006 0044 009 0000	1013 J St
196	006 0044 010 0000	1009 J St
197	006 0044 011 0000	927 10th St
199	006 0044 013 0000	1023 J St
200	006 0047 001 0000	915 11th St
201	006 0047 002 0000	1100 I St
202	006 0047 003 0000	1112 I St #300
204	006 0047 005 0000	1126 I St
205	006 0047 006 0000	906 12th St
206	006 0047 007 0000	908 12th St
207	006 0047 008 0000	912 12th St
208	006 0047 009 0000	1131 J St
209	006 0047 010 0000	1117 J St
210	006 0047 011 0000	921 11th St
211	006 0047 012 0000	921 11th St
212	006 0052 003 0000	1200 I St
213	006 0052 004 0000	1200 I St
214	006 0052 018 0000	1215 J St
215	006 0052 019 0000	1201 J St
218	006 0052 022 0000	909 12th St
219	006 0054 007 0000	910 14th St
220	006 0054 008 0000	914 14th St
221	006 0054 016 0000	908 14th St
222	006 0054 019 0000	1300 I St
223	006 0054 024 0000	1303 J St
224	006 0054 025 0000	1325 J St

225	006 0056 001 0000	1400 I St
226	006 0056 002 0000	1408 I St
227	006 0056 003 0000	1420 I St
228	006 0056 004 0000	1420 I St
229	006 0056 005 0000	904 15th St
230	006 0056 006 0000	908 15th St
231	006 0056 007 0000	910 15th St
232	006 0056 014 0000	1407 J St
233	006 0056 014 0000	1407 J Street
243	006 0115 006 0000	1012 15th St
244	006 0115 007 0000	1012 15th St
254	006 0115 016 0004	1030 3-A 15th St
255	006 0116 001 0000	1400 K St
256	006 0116 002 0000	1414 K St
257	006 0116 003 0000	1418 K St
258	006 0116 004 0000	1422 K St
259	006 0116 005 0000	1112 15th St
260	006 0116 006 0000	1116 15th St
261	006 0116 007 0000	1431 L St
262	006 0116 008 0000	1427 L St
263	006 0116 009 0000	1415 L St
264	006 0116 012 0000	1401 L St
265	006 0121 001 0000	1015 15th St
266	006 0121 006 0000	1520 J St
267	006 0121 007 0000	1524 J St
268	006 0121 008 0000	1530 J St
269	006 0121 009 0000	1020 16th St
270	006 0121 010 0000	1531 K St
271	006 0121 011 0000	1525 K St
272	006 0121 012 0000	1521 K St
273	006 0121 013 0000	1515 K St

Assessment
Number

Parcel Number

Site Address

274	006 0121 014 0000	1513 K St
275	006 0121 015 0000	1511 K St
276	006 0121 018 0000	1001 15th St
277	006 0121 019 0000	1501 K St
278	006 0121 020 0000	1510 J St
279	006 0122 006 0000	1531 L St
280	006 0122 007 0000	1517 L St
281	006 0122 010 0000	1501 L St
282	006 0122 012 0000	1500 K St
283	006 0122 013 0000	1530 K St

Assessment Number	Parcel Number	Site Address
303	006 0087 043 0000	1010 5th St
304	006 0087 044 0000	J St
305	006 0087 045 0000	5th St
307	006 0087 047 0000	1000 4th St
308	006 0087 048 0000	4th St
309	006 0087 049 0000	1025 3rd Ave
310	006 0087 050 0000	1075 3rd Ave
312	006 0087 052 0000	422 J St
321	006 0091 001 0000	1007 6th St
328	006 0091 023 0000	1118 7th St
329	006 0091 024 0000	1128 7th St
330	006 0091 025 0000	630 K St
338	006 0091 031 0001	630 K St

Assessment
Number

Parcel Number

Site Address

284	006 0087 031 0000	535 L St
286	006 0087 034 0001	560 J Street
288	006 0087 034 0003	560 J St
289	006 0087 035 0001	579 K St
291	006 0087 035 0003	579 K St
292	006 0087 036 0001	6th St
295	006 0087 037 0001	570 K St
297	006 0087 037 0003	6th St
302	006 0087 042 0000	6th St
306	006 0087 046 0000	414 K St
313	006 0087 053 0000	5th St
316	006 0087 057 0000	4th St
317	006 0087 058 0000	*No Site Address*
320	006 0087 061 0000	5th St
323	006 0091 022 0001	660 J St
326	006 0091 022 0004	660 J St
327	006 0091 022 0005	625 K St
331	006 0091 026 0001	600 K St
334	006 0091 027 0000	600 K St
335	006 0091 028 0001	L St
337	006 0091 029 0000	7th St

Area : 4

Assessment Number	Parcel Number	Site Address
350	006 0136 007 0000	1 Capitol Mall
352	006 0136 021 0000	1 Capitol Mall
353	006 0136 022 0000	1 Capitol Mall
355	006 0141 043 0000	301 Capitol Mall
356	006 0142 038 0000	300 Capitol Mall
357	006 0143 035 0000	414 L St
358	006 0143 038 0000	424 L St
359	006 0143 039 0000	455 Capitol Mall
360	006 0143 040 0000	415 Capitol Mall
361	006 0144 029 0000	400 Capitol Mall
362	006 0145 025 0000	555 Capitol Mall #240
363	006 0146 030 0000	500 Capitol Mall

Area : 5

Assessment Number	Parcel Number	Site Address
366	006 0094 001 0000	1015 7th St
367	006 0094 002 0000	1011 7th St
368	006 0094 003 0000	1007 7th St
369	006 0094 004 0000	712 J St
370	006 0094 005 0000	714 J St
371	006 0094 009 0000	716 J St
372	006 0096 002 0000	700 K St
373	006 0096 003 0000	704 K St
374	006 0096 004 0000	708 K St
375	006 0096 005 0000	712 K St
376	006 0096 006 0000	716 K St
377	006 0096 007 0000	718 K St
378	006 0096 008 0000	724 K St
379	006 0096 009 0000	726 K St
380	006 0096 010 0000	730 K St
381	006 0096 011 0000	1120 8th St
382	006 0096 012 0000	725 L St
383	006 0096 016 0000	1117 7th St
384	006 0096 017 0000	703 L St
385	006 0096 018 0000	1113 7th St
386	006 0096 019 0000	1111 7th St
389	006 0096 022 0000	717 K St
390	006 0096 023 0000	727 K St
391	006 0096 024 0000	731 K St
393	006 0097 001 0000	1009 8th St
394	006 0097 002 0000	800 J St
395	006 0097 003 0000	804 J St
396	006 0097 004 0000	810 J St
397	006 0097 005 0000	812 J St
404	006 0097 012 0000	831 K St
405	006 0097 013 0000	801 K St

Area : 5

Assessment Number	Parcel Number	Site Address
406	006 0098 003 0000	800 K St
407	006 0098 004 0000	802 K St
408	006 0098 006 0000	810 K St
409	006 0098 007 0000	812 K St
410	006 0098 008 0000	816 K St
411	006 0098 009 0000	818 K St
412	006 0098 010 0000	830 K St
413	006 0098 014 0000	815 L St
414	006 0098 020 0000	831 L St
415	006 0098 021 0000	809 L St
416	006 0098 022 0000	1109 8th St
417	006 0098 024 0000	806 K St
418	006 0101 001 0000	1013 9th St
419	006 0101 002 0000	1009 9th St
420	006 0101 003 0000	900 J St
421	006 0101 004 0000	904 J St
422	006 0101 005 0000	906 J St
423	006 0101 006 0000	908 J St
424	006 0101 007 0000	910 J St
425	006 0101 008 0000	912 J St
426	006 0101 009 0000	914 J St
427	006 0101 010 0000	918 J St
428	006 0101 011 0000	920 J St
429	006 0101 012 0000	926 J St
430	006 0101 013 0000	1010 10th St
431	006 0101 014 0000	1014 10th St
432	006 0101 015 0000	1020 10th St
433	006 0101 017 0000	921 K St
434	006 0101 018 0000	919 K St
435	006 0101 019 0000	913 K St
436	006 0101 020 0000	911 K St

Downtown Sacramento Management District Plan

*Prepared pursuant to the State of California
Property and Business Improvement District Law of 1994
to create a management district in Downtown Sacramento*

by the

**Downtown Sacramento Partnership
Property Owners Committee**

*with assistance from
Progressive Urban Management Associates, Inc.*

**Final Plan
February 1995**

**Downtown Sacramento
Management District Plan**

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**Downtown Sacramento
Management District Plan**

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Area : 5

Assessment Number	Parcel Number	Site Address
437	006 0101 021 0000	1025 9th St
438	006 0101 023 0000	923 K St
439	006 0101 024 0000	1022 10th St
440	006 0102 001 0000	1107 9th St
441	006 0102 002 0000	908 K St
442	006 0102 003 0000	910 K St #250
443	006 0102 004 0000	916 K St
444	006 0102 006 0000	1116 10th St
445	006 0102 007 0000	925 L St
446	006 0102 012 0000	920 K St
447	006 0102 014 0000	930 K St
448	006 0102 015 0000	924 K St
449	006 0102 016 0000	1125 9th St
450	006 0102 017 0000	L St
451	006 0102 018 0000	1125 9th St
452	006 0102 019 0000	915 L St
453	006 0103 002 0000	1000 J St
454	006 0103 003 0000	1008 J St
455	006 0103 007 0000	1020 J St
456	006 0103 008 0000	1024 J St
457	006 0103 009 0000	1030 J St
458	006 0103 010 0000	1020 11th St
459	006 0103 011 0000	1013 K St
460	006 0103 012 0000	1001 K St
463	006 0103 015 0000	1018 J St
464	006 0103 019 0000	1012 J St
465	006 0103 020 0000	1011 10th St
466	006 0104 001 0000	1000 K St
467	006 0104 002 0000	1012 K St
468	006 0104 003 0000	1014 K St
469	006 0104 004 0000	1020 K St

Area : 5

Assessment Number	Parcel Number	Site Address
470	006 0104 005 0000	1106 11th St
471	006 0104 006 0000	1110 11th St
472	006 0104 007 0000	1112 11th St
475	006 0105 009 0000	1131 K St
476	006 0105 010 0000	1121 K St
477	006 0105 011 0000	1025 11th St
478	006 0105 012 0000	1017 11th St
479	006 0105 013 0000	1100 J St
480	006 0106 001 0000	1115 11th St
481	006 0106 002 0000	1100 K Street
482	006 0106 004 0000	1130 K St
483	006 0106 005 0000	1121 L St
484	006 0106 006 0000	1101 11th St
485	006 0106 009 0000	1110 K St
486	006 0111 001 0000	1011 12th St
487	006 0111 002 0000	1005 12th St #7
488	006 0111 003 0000	1208 J St
489	006 0111 004 0000	1212 J St
490	006 0111 005 0000	1214 J St
491	006 0111 006 0000	1220 J St
492	006 0111 007 0000	1230 J St
493	006 0111 010 0000	1227 K St
494	006 0111 013 0000	1201 K St
495	006 0111 015 0000	1229 K St
496	006 0111 016 0000	1201 K St
497	006 0111 017 0000	1217 K St
499	006 0112 022 0001	1205 L St
501	006 0153 005 0000	714 L St
502	006 0153 012 0000	700 L St
503	006 0153 015 0000	770 L St
504	006 0155 001 0000	800 L St

Assessment
Number

Parcel Number

Site Address

505

006 0155 002 0000

806 L St

506

006 0155 003 0000

812 L St

507

006 0155 007 0000

830 L St

508

006 0155 013 0000

814 L St

Appendix 5:

Letter from Mayor to support new Management District.



SACRAMENTO CITY
COUNCIL

JOE SERNA, JR.
MAYOR

CITY OF SACRAMENTO
CALIFORNIA

January 23, 1995

CITY HALL
ROOM 205
915 I STREET
SACRAMENTO, CA
95814-2672

PH 916-264-5407
FAX 916-264-7680
TDD 916-264-5819

COUNCILMEMBERS:

HEATHER FARGO
ROBERT KERTH
STEVE COHN
JIMMIE R. YEE
DEBORAH V. ORTIZ
DARRELL STEINBERG
ROBBIE WATERS
SAMUEL C. PANNELL

Roy E. Brewer, Co-Chair
Tom McEfee, Co-Chair
Scott Stephens, Co-Chair
Downtown Sacramento Partnership
Property Owners Committee
900 J Street, 2nd Floor
Sacramento, CA 95814

Gentlemen:

On behalf of the City of Sacramento, we are delighted that the Downtown Partnership's Property Owners Committee is progressing in its effort to form the Downtown Sacramento Management District. This is exactly the type of private sector initiative that we all hoped would evolve out of the Mayor's Downtown Summit of October 1993.

We are well aware that management districts, such as the one you are proposing, have been used successfully in other cities throughout the country to revitalize their downtowns. We share your belief that such a management district will strengthen the long-term viability and competitiveness of our central business district and enhance property values.

As you know, the City Council has already endorsed the formation of a unified management district for Downtown Sacramento. At our urging, the City Council also adopted Resolution No. 95-012 on January 10, 1995, which establishes a city policy that the city and those businesses seeking to form an assessment district should establish and agree upon the city's base levels of service at the inception of the district, so that revenues from a new assessment do not supplant pre-existing city funding for services and infrastructure improvements.

It is our view that the City of Sacramento must do more than endorse good ideas and agree not to pass costs back onto private property owners. We think the City of Sacramento should be a fully vested financial partner in this investment for the future well

January 23, 1995
Page Two

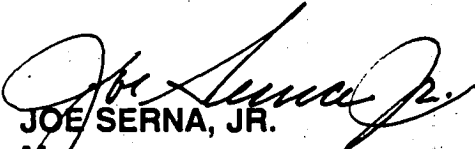
being of Downtown Sacramento.

We support the concept of the City paying its "fair share" for City owned property within the proposed management district. Like any private property owner, the public will receive direct benefits from the increased security, maintenance and marketing services provided for City properties, employees and our "customers", the citizens of Sacramento. The entire City will share in the indirect benefit created by a viable city center that creates a positive civic image and generates increased revenue from property and sales taxes.

We applaud the year-long efforts of private property owners and businesses to form the Downtown Sacramento Management District.

Good luck with the petition drive during the next couple of months.

Sincerely,


JOE SERNA, JR.
Mayor


HEATHER FARGO
Councilmember, District 1

JS/HF/mecv

Appendix 6:

**City of Sacramento Resolution 95-012:
Base levels of service policy.**

RESOLUTION NO. 95-012

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF JAN 10 1995

RESOLUTION ADOPTING CITY POLICY REGARDING BUSINESS IMPROVEMENT DISTRICTS: BASE LEVELS OF SERVICE

WHEREAS, business areas often face a need for collective efforts to promote their businesses and to improve the overall business climate and health of their districts, and

WHEREAS, businesses often seek enhanced city services and infrastructure improvements.

NOW BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO,

1. Revenues garnered from a business improvement area (BIA) or other assessment district should be used to improve the overall business climate of the area through various promotional programs and service enhancements. To that end, base service level measures should be established and agreed to at the inception of the financing district.
2. In the event of a significant downturn in citywide revenues, the Council may be forced to reduce base levels of municipal services citywide unless a substitute source of citywide revenues is available.

JOE SERNA, JR.

MAYOR

ATTEST:

VALERIE BURROWES

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO. 95-012

DATE ADOPTED: JAN 10 1995