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DEPARTMENT OF
PUBLIC WORKS
OFFICE OF THE DIRECTOR

CITY OF SACRAMENTO
CALIFORNIA

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May 10, 1994

Law and Legislative Committee
City Council
Sacramento, California

Honorable Members in Session

SUBJECT: ASSEMBLY BILL 3754, "PROPERTY AND BUSINESS IMPROVEMENT DISTRICT LAW"

LOCATION AND COUNCIL DISTRICT: The proposed legislation would apply to all municipalities statewide.

RECOMMENDATION:

It is recommended that the Law and Legislative Committee approve the proposed Assembly Bill 3754 subject to modifications as set forth in this report.

CONTACT PERSON: Edward Williams, 264-5440

FOR COMMITTEE MEETING OF: May 17, 1994

SUMMARY:

Under the existing Parking and Business Improvement Area Law of 1989, California cities have the authority to levy a benefit assessment on businesses to fund specified improvements and activities. Assembly Bill 3754 (AB 3754) would enact a similar law, entitled the Property and Business Improvement District Law of 1994 (copies on file with the City Clerk). In addition to updating various provisions of the 1989 law, AB 3754 would allow assessments to be levied on the land on which the business is situated.

COMMITTEE/COMMISSION ACTION:

None

BACKGROUND:

In 1979 the California State Legislature enacted the Parking and Business Improvement Area Law of 1979. This was later amended with the enactment of the Parking and Business Improvement Area Law of 1989. Under the existing law, parking and/or business improvement areas or districts may be established by a city to impose benefit assessments on businesses in the area to fund specified improvements or activities. The City of Sacramento has two business improvement districts (BID's) located in the downtown. The Old Sacramento BID was established in 1984 to fund various promotional activities and special events. The Downtown BID was established in 1986 to fund similar activities. For each district, the business owners pay their BID assessment annually with their Business Operations Tax.

In February of this year Assembly Bill 3754 was introduced by Assemblyman Caldera to enact a new law entitled the Property and Business Improvement District Law of 1994. The premise of this new legislation is based on the following findings and declarations:

- 1) "Businesses located and operating within the business districts of this state's communities are economically disadvantaged, are under utilized, and are unable to attract customers due to inadequate facilities, services and activities in the business districts."
- 2) "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 business, and prevent erosion of the business districts."
- 3) "It is of particular local benefit to allow cities to fund property related improvements and activities through the levy of assessments upon real property that benefits from those improvements."
- 4) "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 benefit upon real property for which the improvements and activities are provided."

The most significant change with the new law is that the assessment would be levied on the land as opposed to the business. Property owners would pay the assessments annually through their regular County property tax.

FINANCIAL CONSIDERATIONS

There is no financial impact to the City as a result of this legislation.

POLICY CONSIDERATIONS

For many cities, the authority provided under AB 3754 will allow them to form property and business improvement districts. Sacramento however, is designated as a "Charter City" and as such may adopt its own authority to form a business improvement district

Over the past several weeks City staff has been working with the Downtown Sacramento Partnership to develop the framework for a consolidated business improvement district in the downtown. The current target date for formation of this BID is January 1996. At the time this district is initiated, the City may utilize the authority provided by AB 3754 (if enacted) or may adopt its own procedural ordinance to create the necessary authority to form the district.

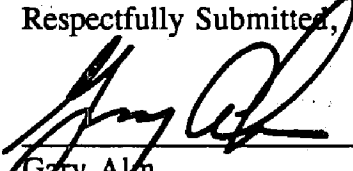
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None. No goods or services are being purchased.

CONCLUSION

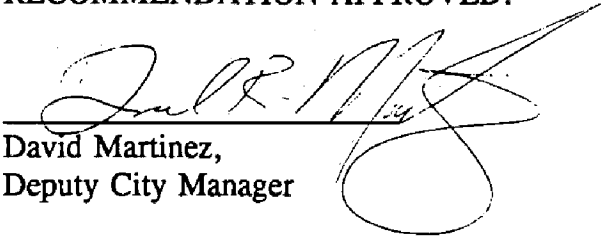
It is recommended that the Law and Legislative Committee approve the attached legislation, AB 3754, subject to the modifications set forth in this report.

Respectfully Submitted,



Gary Alm
Supervising Engineer

RECOMMENDATION APPROVED:



David Martinez,
Deputy City Manager

APPROVED:



MICHAEL KASHIWAGI
Deputy Director of Public Works

Recommended Modifications
Assembly Bill No. 3754

City staff has reviewed the February 24, 1994 draft of the Bill and recommend the following changes:

- Section 36613 a) Remove reference to "Public Places" as no specific definition of the term is included.
- Section 36623 Identify Section 54954.6 of the Government Code as the Brown Act.
- Section 36625 b) Re-phrase to specify that only those improvements or activities which receive a majority protest will be eliminated from the district.
- Section 36626 Combine subdivisions "a" and "b" to eliminate a conflict in the intent of the wording of the two.
- Section 36642 Specify that compliance with the Brown Act when making modifications to the improvements or activities within a district is only required when the improvements or activities are being increased. Any additional public noticing, required or not, will require additional time during the public meeting and hearing process.

AMENDED IN ASSEMBLY APRIL 20, 1994

CALIFORNIA LEGISLATURE—1993-94 REGULAR SESSION

ASSEMBLY BILL

No. 3754

Introduced by Assembly Member Caldera

February 25, 1994

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

LEGISLATIVE COUNSEL'S DIGEST

AB 3754, as amended, 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 *Parking Property and Business Improvement Area District Law* of 1994, to supplement previously enacted provisions of law that authorize cities to levy assessments within a business improvement area.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

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

1 SECTION 1. Part 7 (commencing with Section
2 36600) is added to Division 18 of the Streets and
3 Highways Code, to read:

1 PART 7. ~~PARKING~~ PROPERTY AND BUSINESS
2 IMPROVEMENT AREA DISTRICT LAW OF 1994

3
4 CHAPTER 1. GENERAL PROVISIONS

5
6 Article 1. Declarations

7
8 36600. This part shall be known and may be cited as
9 the "~~Business Improvement Area Law of 1994~~," the
10 "~~Property and Business Improvement District Law of~~
11 ~~1994~~."

12 36601. The Legislature finds and declares all of the
13 following:

14 (a) Businesses located and operating within the
15 business districts of this state's communities are
16 economically disadvantaged, are underutilized, and are
17 unable to attract customers due to inadequate facilities,
18 services, and activities in the business districts.

19 (b) It is in the public interest to promote the economic
20 revitalization and physical maintenance of the business
21 districts of its cities in order to create jobs, attract new
22 businesses, and prevent the erosion of the business
23 districts.

24 (c) It is of particular local benefit to allow cities to fund
25 property related improvements, maintenance, and
26 activities through the levy of assessments upon the real
27 property that benefits from those improvements.

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

34 36602. The purpose of this part is to supplement
35 previously enacted provisions of law that authorize cities
36 to levy assessments within a business improvement area.
37 This part does not affect or limit any other provisions of
38 law authorizing or providing for the furnishing of
39 improvements or activities or the raising of revenue for
40 these purposes.

1 36602. Any provision of this part that conflicts with
2 any other provision of law shall prevail over the other
3 provision of law.

4 36603. Nothing in this part is intended to preempt the
5 authority of a charter city to adopt ordinances providing
6 for a different method of levying assessments for similar
7 or additional purposes from those set forth in this part. A
8 property and business improvement district created
9 pursuant to this part is expressly exempt from the
10 provisions of the Special Assessment Investigation,
11 Limitation and Majority Protest Act of 1931 (Division 4
12 (commencing with Section 2800)).

13 36604. This part is intended to be construed liberally
14 and, if any provision is held invalid, the remaining
15 provisions shall remain in full force and effect. If the
16 provisions of this part respecting the levying of
17 assessments are held invalid in any area within which
18 assessments have been levied pursuant to Chapter 3
19 (commencing with Section 36631), the assessments shall
20 be reimposed in an identical amount and upon the same
21 real property as a matter of law and no lapse in the levy
22 of any assessment shall be deemed to have occurred.
23 Assessments levied under this part are not special taxes.

24
25 Article 2. Definitions

26
27 36605. "Advisory board" means the advisory board or
28 commission appointed by the city council pursuant to
29 Section 36631.

30 36606. "Assessment" means a levy for the purpose of
31 acquiring, constructing, installing, or maintaining
32 improvements and promoting activities which will
33 benefit the properties located within a ~~parking and~~
34 ~~business improvement area property and business~~
35 ~~improvement district~~.

36 36607. "Business" means all types of businesses and
37 includes financial institutions and professions.

38 36608. "City" means a city, county, city and county, or
39 an agency or entity created pursuant to Article 1
40 (commencing with Section 6500) of Chapter 5 of Division

1 7 of Title 1 of the Government Code, the public member
2 agencies of which includes only cities, counties, or a city
3 and county.

4 36609. "City council" means the city council of a city
5 or the board of supervisors of a county, or the agency,
6 commission, or board created pursuant to a joint powers
7 agreement and which is a city within the meaning of this
8 part.

9 36610. "Improvement" means the acquisition,
10 construction, installation, or maintenance of any tangible
11 property with an estimated useful life of five years or
12 more including, but not limited to, the following:

- 13 (a) Parking facilities.
- 14 (b) Benches, booths, kiosks, display cases, pedestrian
- 15 shelters and signs.
- 16 (c) Trash receptacles *and public restrooms.*
- 17 (d) Lighting and heating facilities.
- 18 (e) Decorations.
- 19 (f) Parks.
- 20 (g) Fountains.
- 21 (h) Planting areas.
- 22 (i) Closing, opening, widening, or narrowing of
- 23 existing streets.
- 24 (j) Facilities *or equipment, or both,* to enhance
- 25 security of persons and property within the area.
- 26 (k) Ramps, sidewalks, plazas, and pedestrian malls.
- 27 (l) Rehabilitation or removal of existing structures.

28 ~~36611. "Parking and business improvement area", or~~
29 ~~"area," means a business improvement area established~~

30 36611. "Property and business improvement district,"
31 *or "district," means a property and business*
32 *improvement district established pursuant to this part.*

33 36612. "Property" means real property situated
34 within ~~an area a district.~~

35 36613. "Activities" means, but is not limited to, all of
36 the following:

- 37 (a) Promotion of public events which benefit
- 38 businesses or real property in the *area district*, ~~and which~~
39 ~~take place on or in public places within the area district.~~
- 40 (b) Furnishing of music in any public place within the

1 *area district.*

2 (c) Promotion of tourism within the *area district.*

3 ~~(d) Marketing education for businesses within the~~
4 ~~district.~~

5 ~~(e) Providing security, sanitation, street and sidewalk~~
6 ~~cleaning, and other municipal services supplemental to~~
7 ~~those normally provided by the municipality.~~

8 (d) *Marketing and economic development, including*
9 *retail retention and recruitment.*

10 (e) *Providing security, sanitation, graffiti removal,*
11 *street and sidewalk cleaning, and other municipal*
12 *services supplemental to those normally provided by the*
13 *municipality.*

14 (f) Activities which benefit businesses and real
15 property located in the *area district.*

16 36614. "Area Management district plan" or "plan"
17 means a proposal as defined in Section 36622.

18 36615. "Property owner" or "owner" means any
19 person shown as the owner of land on the last equalized
20 assessment roll or otherwise known to be the owner of
21 land by the city council. The city council has no obligation
22 to obtain other information as to the ownership of land,
23 and its determination of ownership shall be final and
24 conclusive for the purposes of this part. A public agency
25 is not a property owner of land for purposes of this part
26 *without the express consent of the agency.*

27 36616. "Tenant" means an occupant pursuant to a
28 lease of commercial space or a dwelling unit, other than
29 an owner.

30 Article 3. Prior Law

31
32
33 36617. This part provides an alternative method of
34 financing certain improvements and activities. The
35 provisions of this part shall not affect or limit any other
36 provisions of law authorizing or providing for the
37 furnishing of improvements or activities or the raising of
38 revenue for these purposes. Every improvement area
39 established pursuant to the Parking and Business
40 Improvement Area Law of 1989 (Part 6 (commencing

1 with Section 36500) of this division) is valid and effective
2 and is unaffected by this part.

3 CHAPTER 2. ESTABLISHMENT

4
5
6 36620. A ~~parking and business improvement area~~
7 ~~property and business improvement district~~ may be
8 established as provided in this chapter.

9 36620.5. A county may not form ~~an area~~ a district
10 within the territorial jurisdiction of a city without the
11 consent of the city council of that city. A city may not
12 form ~~an area~~ a district within the unincorporated
13 territory of a county without the consent of the board of
14 supervisors of that county. A city may not form ~~an area~~
15 a district within the territorial jurisdiction of another city
16 without the consent of the city council of the other city.

17 36621. ~~(a)~~ Upon the written petition, signed and
18 acknowledged, of the property owners in the proposed
19 ~~area district~~ who will pay more than 50 percent of the
20 assessments proposed to be levied, the city council may
21 initiate proceedings to form ~~an area~~ a district by the
22 adoption of a resolution expressing its intention to form
23 ~~an area~~ a district. The petition of property owners shall
24 include the ~~area~~ management district plan. The
25 resolution of intention shall contain all of the following:

26 (a) The ~~area~~ management district plan.

27 (b) A time and place for a public hearing on the
28 establishment of the ~~parking and business improvement~~
29 ~~area~~ property and business improvement district and the
30 levy of assessments, which shall not be held less than 20
31 or more than 30 days after the adoption of the resolution
32 of intention.

33 ~~(c)~~ The establishment or extension of an area shall be
34 based upon the area plan filed in the office of the city
35 clerk.

36 36622. The ~~area~~ management district plan shall
37 contain all of the following:

38 (a) A map of the ~~area~~ district.

39 (b) The name of the proposed ~~area~~ district.

40 (c) A description of the boundaries of the ~~area~~ district

1 proposed for establishment or extension in a manner
2 sufficient to identify the lands included. *Under no*
3 *circumstances shall the boundaries of a proposed district*
4 *overlap with the boundaries of another existing district*
5 *created pursuant to this part. Nothing in this part*
6 *prohibits the boundaries of a district created pursuant to*
7 *this part to overlap with other assessment districts*
8 *established pursuant to other provisions of law including,*
9 *but not limited to, the Parking and Business*
10 *Improvement Area Law of 1989.*

11 ~~(d)~~ The improvements and activities proposed and
12 the maximum cost thereof.

13 ~~(e)~~ The total annual amount proposed to be expended
14 for improvements, maintenance and operations.

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

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

21 (f) The proposed source or sources of financing
22 including the proposed method and basis of levying the
23 assessment in sufficient detail to allow each property
24 owner to calculate the amount of the assessment to be
25 levied against his or her property.

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

28 (h) The specific number of years, to a maximum of
29 five, in which assessments will be levied. *The*
30 *management district plan may set forth specific increases*
31 *in assessments for each year of operation of the district.*

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

34 (j) Any proposed rules and regulations to be
35 applicable to the ~~area~~ district.

36 (k) A list of the properties to be benefited, and a
37 statement of the method or methods by which the
38 expenses of an area will be imposed upon benefited real
39 property, in proportion to the benefit received by the
40 property, to defray the cost thereof, including operation

1 and maintenance. The plan may provide that all or any
2 class or category of real property which is exempt by law
3 from real property taxation may nevertheless be
4 included within the boundaries of the ~~area district~~ but
5 shall not be subject to the assessment.

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

8 ~~36622. Notice of a public hearing, held under Section~~
9 ~~54954.6 of the Government Code and Section 36624,~~
10 ~~36641, 36642, or 36650, shall be given by both of the~~
11 ~~following:~~

12 ~~(a) Publishing the resolution of intention in a~~
13 ~~newspaper of general circulation in the city once, at least~~
14 ~~seven days before the public hearing.~~

15 ~~(b) Mailing of a complete copy of the resolution of~~
16 ~~intention by first-class mail to each property owner in the~~
17 ~~area within 30 days of the city council's adoption of the~~
18 ~~resolution of intention.~~

19 ~~36623. Notice of a public hearing and public meeting~~
20 ~~for Sections 36624, 36641, 36642, or 36650 shall be made~~
21 ~~pursuant to Section 54954.6 of the Government Code.~~
22 ~~Notice shall include, but not be limited to:~~

23 ~~(a) Publishing the resolution of intention in a~~
24 ~~newspaper of general circulation in the city once, at least~~
25 ~~seven days before the public meeting; and~~

26 ~~(b) Mailing a complete copy of the resolution of~~
27 ~~intention by first-class mail to each property owner in the~~
28 ~~district and each local chamber of commerce and~~
29 ~~business organization known by the city council to be~~
30 ~~located within the proposed district no later than 10 days~~
31 ~~before the public meeting.~~

32 ~~36624. (a) At the public hearing, the city council shall~~
33 ~~hear and consider all protests against the establishment of~~
34 ~~the ~~area district~~, the extent of the ~~area district~~, or the~~
35 ~~furnishing of specified types of improvements or~~
36 ~~activities within the ~~area district~~. A protest may be made~~
37 ~~orally or in writing by any interested person. Any protest~~
38 ~~pertaining to the regularity or sufficiency of the~~
39 ~~proceedings shall be in writing and shall clearly set forth~~
40 ~~the irregularity or defect to which the objection is made.~~

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

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

14 ~~36625. (a) If written protests are received from the~~
15 ~~owners of real property in the ~~area district~~ who will pay~~
16 ~~50 percent or more of the assessments proposed to be~~
17 ~~levied and protests are not withdrawn so as to reduce the~~
18 ~~protests to less than 50 percent, no further proceedings to~~
19 ~~create the specified ~~parking and business improvement~~~~
20 ~~~~area property and business improvement district~~ or to~~
21 ~~levy the proposed assessment, as contained in the~~
22 ~~resolution of intention, shall be taken for a period of one~~
23 ~~year from the date of the finding of a majority protest by~~
24 ~~the city council. If the city council finds a majority~~
25 ~~protest in connection with a proposed modification~~
26 ~~pursuant to Section 36640 or 36642, then no further~~
27 ~~proceedings to establish the same or substantially similar~~
28 ~~modifications shall be taken for a period of one year from~~
29 ~~the date of the finding of a majority protest by the city~~
30 ~~council.~~

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

35 ~~36626. (a) At the conclusion of the public hearing to~~
36 ~~establish the ~~area district~~, the city council may adopt,~~
37 ~~revise, change, reduce, or modify the proposed~~
38 ~~assessment or the type or types of improvements and~~
39 ~~activities to be funded with the revenues from the~~
40 ~~assessments, subject to the limitations of subdivision (b).~~

(b) At the public hearing, the city council may only make changes in, to, or from, the boundaries of the proposed ~~parking and business improvement area~~ *property and business improvement district* that will exclude territory which will not benefit from the proposed improvements or activities. However, proposed assessments may only be revised by reducing any or all of them.

(c) The city council shall not change the boundaries of the ~~area 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 ~~area district~~ may be made only upon notice to the owners of the property proposed to be added to the ~~area 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 ~~parking and business improvement area~~, it shall adopt a resolution of 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 ~~area 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 ~~area district~~.

(d) A determination regarding any protests received.

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

(f) A statement that the improvements and activities to be provided in the ~~area district~~ will be funded by the levy of the assessments. The revenue from the levy of assessments within ~~an area a district~~ shall not be used to provide improvements or activities outside the ~~area~~

~~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 ~~area 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.

~~36627.~~

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

(a) The ~~area 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 ~~area district~~.

(d) A determination regarding any protests received.

(e) A statement that a ~~parking and business improvement area~~ *property and business improvement district* has been established.

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

(g) A statement that the improvements and activities to be provided in the ~~area district~~ will be funded by the levy of the assessments. The revenue from the levy of assessments within ~~an area a district~~ shall not be used to provide improvements or activities outside the ~~area district~~ or for any purpose other than the purposes

1 specified in the resolution of intention, as modified by the
 2 city council at the hearing concerning establishment of
 3 the ~~area~~ district.

4 (h) A finding that the property within the ~~business~~
 5 ~~and improvement area~~ property and business
 6 improvement district will be benefited by the
 7 improvements and activities funded by the assessments
 8 proposed to be levied.

9 36627. *If the city council, following the public*
 10 *hearing, desires to establish the proposed property and*
 11 *business improvement district, and the city council has*
 12 *not made changes pursuant to Section 36626, or has made*
 13 *merely clerical changes or corrections, the city council*
 14 *shall adopt a resolution establishing the district. The*
 15 *resolution shall contain all of the information specified in*
 16 *subdivisions (a) to (h), inclusive, of Section 36626.7.*

17 36628. The city council may establish one or more
 18 separate benefit zones within the ~~area~~ district based
 19 upon the degree of benefit derived from the
 20 improvements or activities to be provided within the
 21 benefit zone and may impose a different assessment
 22 within each benefit zone.

23 36629. All provisions of this part applicable to the
 24 establishment, modification, or disestablishment of a
 25 ~~parking and business improvement area~~ property and
 26 business improvement district apply to the
 27 establishment, modification, or disestablishment of
 28 benefit zones. The city council shall, to establish, modify,
 29 or disestablish a benefit zone, follow the procedure to
 30 establish, modify, or disestablish a parking and business
 31 improvement area.

32 36630. *If a business improvement area expires due to*
 33 *the time limit set pursuant to subdivision (i) of Section*
 34 *36622, and if the city council considers it necessary to levy*
 35 *assessments upon property in the business improvement*
 36 *area for longer than the period specified in the*
 37 *assessment ordinance that created the area, the council*
 38 *shall enact an ordinance, pursuant to this chapter, that*
 39 *provides for continued assessments for a specified*
 40 *number of years and grants to property owners; in the*

1 ~~area, the notice and right of protest described in Sections~~
 2 ~~36622, 36624, and 36625.~~

3 36630. *If a property and business improvement*
 4 *district expires due to the time limit set pursuant to*
 5 *subdivision (h) of Section 36622, a new management*
 6 *district plan may be created and a new district*
 7 *established pursuant to this part.*

8 9 CHAPTER 3. ASSESSMENTS

10
 11 36631. *The Within 15 days of the receipt of the*
 12 *written petition described in Section 36621, the city*
 13 *council shall appoint an advisory board which shall make*
 14 *a recommendation to the city council on the expenditure*
 15 *of revenues derived from the levy of assessments*
 16 *pursuant to this part, on the classification of properties, as*
 17 *applicable, and on the method and basis of levying the*
 18 *assessments. The city council may designate existing*
 19 *advisory boards or commissions to serve as the advisory*
 20 *board for the area district or may create a new advisory*
 21 *board for that purpose. The city council may limit*
 22 *membership on the advisory board to persons paying the*
 23 *assessments under this part. At least one member of the*
 24 *advisory board shall be a business licensee within the*
 25 *district who is not also a property owner within the*
 26 *district.*

27 36632. The collection of the assessments levied
 28 pursuant to this part shall be made at the time and in the
 29 manner set forth by the city council in the ordinance
 30 establishing the ~~area~~ management district plan
 31 described in Section 36622. The assessments may be
 32 collected at the same time and in the same manner as for
 33 the ad valorem property tax, and may provide for the
 34 same lien priority and penalties for delinquent payment.

35 36633. (a) The advisory board shall cause to be
 36 prepared a report for each fiscal year for which
 37 assessments are to be levied and collected to pay the costs
 38 of the improvements and activities described in the
 39 report. *The report may propose changes, including, but*
 40 *not limited to, the boundaries of the property and*

1 *business improvement district or any benefit zones*
 2 *within the area, the basis and method of levying the*
 3 *assessments, and any changes in the classification of*
 4 *property, if a classification is used.*

5 (b) The report shall be filed with the clerk and shall
 6 refer to the ~~parking and business improvement area~~
 7 *property and business improvement district* by name,
 8 specify the fiscal year to which the report applies, and,
 9 with respect to that fiscal year, shall contain all of the
 10 following information:

11 (1) *Any proposed changes in the boundaries of the*
 12 *property and business improvement district or in any*
 13 *benefits zones within the district.*

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

16 ~~(2)~~

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

19 ~~(3)~~

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

24 ~~(4)~~

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

27 ~~(5)~~

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

31 (c) *The city council may approve the report as filed by*
 32 *the advisory board or may modify any particular*
 33 *contained in the report and approve it as modified. Any*
 34 *modification shall be made pursuant to Sections 36640*
 35 *and 36641. The city council shall not approve a change in*
 36 *the basis and method of levying assessments that would*
 37 *impair an authorized or executed contract to be paid*
 38 *from the revenues derived from the levy of assessments.*

39 36634. (a) The assessments levied on real property
 40 pursuant to this part shall be levied on the basis of the

1 estimated benefit to the real property within the ~~parking~~
 2 ~~and business improvement area~~ *property and business*
 3 *improvement district.* The city council may classify
 4 properties for purposes of determining the benefit to
 5 property of the improvements and activities provided
 6 pursuant to this part.

7 (b) Properties in private residential use are
 8 conclusively presumed not to benefit from the
 9 improvements and service funded through these
 10 assessments, and shall not be subject to any assessment
 11 pursuant to this part.

12 36635. The validity of assessment levied under this
 13 part shall not be contested in any action or proceeding
 14 unless the action or proceeding is commenced within 30
 15 days after the ordinance levying the assessment is
 16 adopted pursuant to Section 36627. Any appeal from a
 17 final judgment in an action or proceeding shall be
 18 perfected within 30 days after the entry of judgment.

19 ~~36636. The city council, may, by ordinance,~~
 20 ~~determine and declare that bonds shall be issued under~~
 21 ~~the Improvement Bond Act of 1915 (Division 10~~
 22 ~~(commencing with Section 8500)) to finance the~~
 23 ~~estimated cost of all or some of the proposed~~
 24 ~~improvements described in Section 36621, other than the~~
 25 ~~costs of maintenance and servicing.~~

26 36636. *The city council may execute baseline service*
 27 *contracts that would establish levels of city services that*
 28 *would continue after a property and business*
 29 *improvement district has been formed.*

30

31 CHAPTER 4. MODIFICATION OF BOUNDARIES; 32 ASSESSMENTS, IMPROVEMENTS, OR ACTIVITIES 33

34 36640. The advisory board may, at any time, request
 35 that the city council modify the boundaries of the ~~area~~
 36 *district*, any benefit zones within the ~~area~~ *district*, the
 37 basis and method of levying the assessments, and any
 38 improvements or activities to be funded with the
 39 revenues derived from the levy of the assessments. Any
 40 modification shall be made pursuant to this chapter.

1 36541. (a) The city council shall modify the basis and
 2 method of levying the assessment or the boundaries of
 3 the area by adopting an ordinance after holding a public
 4 hearing on the proposed modification.

5 36541. (a) Upon the written request of the advisory
 6 board, the city council may modify the management
 7 district plan, including, but not limited to, the basis and
 8 method of levying the assessment or the boundaries of
 9 the area by adopting a resolution after holding hearings
 10 on the proposed modification pursuant to Sections 36623,
 11 36624, 36625, and 36626.

12 (b) The city council shall adopt a resolution of
 13 intention which states the proposed modification prior to
 14 the public hearing required by this section. The public
 15 hearing shall be held not less than 20 or more than 30 days
 16 after the adoption of the resolution of intention. Notice of
 17 the public hearing shall be published and shall be mailed
 18 to each property owner affected by the proposed
 19 modification, as provided in Section 36623. The public
 20 hearing shall be conducted as provided in Sections 36624,
 21 36625, and 36626.

22 36642. (a) The city council may modify the
 23 improvements and activities to be funded with the
 24 revenue derived from the levy of the assessments by
 25 adopting a resolution determining to make the
 26 modifications after holding a public hearing on the
 27 proposed modifications. Notice of the public hearing and
 28 the proposed modifications shall be published as
 29 provided in Section 36623.

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

32 CHAPTER 5. DISESTABLISHMENT

33
 34
 35 36650. (a) Any area established or extended
 36 pursuant to the provisions of this part, where there is no
 37 indebtedness, outstanding and unpaid, incurred to
 38 accomplish any of the purposes of the area, may be
 39 disestablished by ordinance by the city council upon the
 40 written petition of the owners of real property in the area

1 who pay 50 percent or more of the assessments levied,
 2 and after holding a public hearing on the
 3 disestablishment, as provided in this section. The city
 4 council shall request and consider the recommendations
 5 of the advisory board concerning any proposed
 6 disestablishment; provided that if the board has not
 7 submitted recommendations to the city council within 60
 8 days after request therefor, the city council may adopt
 9 any such proposed disestablishment without considering
 10 such recommendations.

11 36650. (a) Any district established or extended
 12 pursuant to the provisions of this part, where there is no
 13 indebtedness, outstanding and unpaid, incurred to
 14 accomplish any of the purposes of the district, may be
 15 disestablished by resolution by the city council in either
 16 of the following circumstances:

17 (1) If the city council finds there has been
 18 misappropriation of funds, malfeasance, or a violation of
 19 law in connection with the management of the district;
 20 or

21 (2) During the operation of the district, there shall be
 22 a 30-day period each year in which assessees may request
 23 disestablishment of the district. The first such period shall
 24 begin one year after the date of establishment of the
 25 district and shall continue for 30 days. The next such
 26 30-day period shall begin two years after the date of the
 27 establishment of the district. Each successive year of
 28 operation of the district shall have such a 30-day period.
 29 Upon the written petition of the owners of real property
 30 in the area who pay 50 percent or more of the assessments
 31 levied, the city council shall pass a resolution of intention
 32 to disestablish the district. The city council shall notice a
 33 hearing on disestablishment. The notice and hearing shall
 34 be held pursuant to Sections 36623 and 36624. If the city
 35 council finds there is a majority protest to
 36 disestablishment of the district then no further
 37 proceedings to disestablish the district under this
 38 subsection shall be taken for a period of one year. If the
 39 council finds there is not a majority protest to
 40 disestablishment of the district, the council shall pass a

1 *resolution disestablishing the district.*

2 (b) The city council shall adopt a resolution of
3 intention to disestablish the ~~area~~ *district* prior to the
4 public hearing required by this section. The resolution
5 shall state the reason for the disestablishment, shall state
6 the time and place of the public hearing, and shall
7 contain a proposal to dispose of any assets acquired with
8 the revenues of the assessments levied within the
9 ~~parking and business improvement area~~ *property and*
10 *business improvement district*. The public hearing shall
11 be held not less than 20 or more than 30 days after the
12 adoption of the resolution of intention. Notice of the
13 public hearing shall be published as provided in Section
14 36623.

15 36651. (a) Upon the disestablishment of an ~~area~~
16 *district*, any remaining revenues derived from the levy of
17 assessments, or any revenues derived from the sale of
18 assets acquired with the revenues, shall be refunded to
19 the owners of the property then located and operating
20 within the ~~area~~ *district* in which assessments were levied
21 by applying the same method and basis that was used to
22 calculate the assessments levied in the fiscal year in
23 which the ~~area~~ *district* is disestablished.

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

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CORRECTIONS

Text—Pages 5 and 13.

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