

MANAGEMENT AND DISBURSEMENT AGREEMENT

by and between

**CITY OF SANTA ROSA,
a California Charter City and Municipal Corporation**

and

**The Downtown Action Organization Incorporated
a California Non-Profit Public Benefit Corporation**

October 2018

This Management and Disbursement Agreement (“Agreement”) between the City of Santa Rosa, a California charter city and a municipal corporation (the “**City**”), and the Downtown Action Organization of Santa Rosa, a California Non-Profit Public Benefit Corporation (the “**DAO**”), is entered into this _____ of _____, 2018 (“Effective Date”). City and DAO shall respectively be referred to as the “Party” or collectively as the “Parties.”

RECITALS

WHEREAS, the Santa Rosa City Council adopted ordinance ORD-2018-004 (Ordinance), authorizes the City to establish a Community Benefit District (“CBD”) in perpetuity to enhance security, safety appearance and economic viability within such districts; and

WHEREAS, consistent with the process defined by the Ordinance, and codified as Santa Rosa Municipal Code Chapter 6-56 Article V, on July 17th, 2018, the City Council adopted Resolution No. RES-2018-121 approving the formation of the Santa Rosa Downtown Community Benefit District of 2018 (“District”); and

WHEREAS, the Management District Plan (“District Plan”) and Engineer’s Report that provide the legal basis for the District describe and set forth the intended particular and special benefits the property owners in the District will receive from new security, sidewalk maintenance, beautification, promotional, and marketing activities and improvements to be provided by the DAO through implementation of the District Plan (the “District Plan Improvements”); and

WHEREAS, the City through a District ballot held on July 17th, 2018, received more than 50% weighted approval to levy and collect the property assessments for use and administration pursuant to the District Plan; and

WHEREAS, the District Plan Improvements will be funded through an annual levy of special assessments upon real property within the District (the “Assessments”), commencing on December 1st 2018, and continuing in perpetuity or until the property owner petition and vote to remove the district; and

WHEREAS, the DAO is responsible for implementing the District Plan; for creating a District budget and policies to comply with the District Plan; for preparing and filing quarterly and annual reports with the City reflecting compliance with the District Plan; and for overseeing the day-to-day implementation of the District Plan Improvements; and

WHEREAS, the Parties desire to enter into an Agreement in order to coordinate their respective activities necessary for the successful operation, administration and implementation of the District Plan and District Plan Improvements.

NOW THEREFORE, the Parties to this Agreement do hereby covenant and agree as follows:

1. Scope of Disbursement Duties. DAO agrees to promptly perform all duties specified in the District Plan, attached hereto as **Exhibit A** and on file with the City Clerk. DAO and City shall each respectively designate an individual or individuals who shall be responsible for communications with each other for the duration of this Agreement. Nothing in this Agreement shall be construed to require DAO to perform as specified in the District Plan if funds are not available to perform those duties due to lack of funding from Assessments or other revenues from operation of the District (the "District Revenues"). DAO shall notify City in writing as soon as DAO is aware that District Revenues are insufficient or not available to perform duties specified in the District Plan.
2. Method of Performing Disbursement Duties. The method, details and means of performing the disbursement of District Revenues shall be as described in the District Plan attached hereto as **Exhibit A**, and as set forth herein (the "Disbursement Duties"). In the event of any conflict between the District Plan and this Agreement, disbursement of District Revenues shall be for the special benefits described in the District Plan.
3. District Term. DAO's Disbursement Duties shall begin on December 1, 2018, or as soon as the first year Assessments have been transferred by the City to the DAO. DAO shall complete their Disbursement Duties if and when the district has been voted out through a mail ballot procedure of the CBD property owners, subject to the annual review and termination provisions in Section 13 of this Agreement.
4. DAO Responsibilities.
 - 4.1. Program Implementation and Operation. DAO shall be fully responsible for developing, implementing, directing and operating the District Plan. DAO assumes all responsibility for completing activities required to implement the District Plan and its programs.
 - 4.2. Competitive Bidding. DAO shall competitively bid all contracts over an annual \$50,000 cost, and shall keep and provide copies of all bids submitted for review to any affected property owners or to the City upon request. Should the DAO Board of directors find that the public interest is best served due to the special circumstance or requirements of a particular service contract, it may waive this competitive bidding requirement subject to a two-thirds Board vote. The lowest bidder will not necessarily receive the contract that is bid. The quality, performance and experience of bidding contractor shall be taken into consideration prior to the awarding of that contract. Employment contracts are exempt from this provision. Administrative services or staffing shall be bid out but not be subject to the three-year review and renewal of services if both parties agree to keep the agreement in place.
 - 4.3. Separate Bank Account for District Revenues. All District Revenues received by DAO pursuant to this Agreement shall be held in a bank account separate and apart from any other funds managed or administered by DAO, and shall not be co-mingled with any other funds (the "Account"). Copies of all DAO District Revenue Account statements shall be made available to the City upon request. DAO shall

provide the City with evidence of the establishment of the required District Revenue Account prior to the City transferring any Assessments to the DAO.

4.4. Use of Santa Rosa Downtown Community Benefit District or DAO Name. The name “Santa Rosa Downtown Community Benefit District” or the “Santa Rosa Downtown Improvement Association” as its management corporation, or an appropriate abbreviation, shall appear on all marketing and promotional materials funded in part or in whole by District Revenues.

4.5. Reporting to Property Owners within the District. A statement of activities/programs funded by District Revenues, and the cost of each such activity or program shall be mailed to every property owner within one-hundred and twenty days (120) of the close of the fiscal year consistent with Section 9 of the DAO By-laws, (the “Activity Statement”) commencing after the end of the first Fiscal Year November 30, 2019. A copy of the Activity Statement and a list of property owner names and addresses shall be provided to the City no later than June 1st, of each year during the Term.

4.6. Open Meetings Laws. DAO shall comply with the open meeting and open records requirements of the Ralph M. Brown Act with regard to its performance of this Agreement.

4.7. Program and Budget Reports.

4.7.1. Reports, Work Plans and Budgets. On or before January 31, 2020, and annually thereafter, the DAO shall submit an annual report to the City. The annual report will include, at the minimum, copies of Board minutes and meeting notes. In addition, the DAO shall also submit for City approval an Annual Work Plan and Budget on or before December 1st of each year for each fiscal year for which Assessments are to be levied and collected. The Annual Work Plan and Budget shall be prepared in accordance with Section 36622 of the Streets and Highways Code, and Article XIII.D of the California Constitution. The Annual Work Plan and Budget, assuming that no structural changes are recommended to the Engineer’s Report, will be approved each year before December 1, the beginning of the new Fiscal Year. If changes to the Annual Work Plan and/or Budget that require changing the Engineer’s Report are requested that would require a public hearing and/or a public meeting pursuant to state law, the Community Benefit District Ordinance, or which would affect the Assessment database and resulting budget of the upcoming fiscal year, then such modification shall be submitted prior to May 1st of each year. The City must report any changes to the database or boundaries to the County by July 15th of each year during the Term. The Budget for any year shall not be effective until approved by the City Budget. Each program or activity specified in the District Plan and succeeding programs and activities shall be implemented within the approved budget amounts in accordance with the District Plan and this Agreement. Any obligations or expenditures not specifically budgeted shall not be paid from District Revenues.

4.7.2. City's General Fund Not Liable. Neither the City's General Fund, nor any other City fund, revenue source, or any other City monies, except the actual Assessment for property the City owns in the District under the conditions of the Santa Rosa City Code shall be collected from the County and transferred to the DAO. The City shall only be responsible for payment of its property assessment as a property owner in the District. All Parties acknowledge and agree that any unpaid Assessments in the District are not a debt of the City, nor a legal or equitable pledge, charge, lien or encumbrance upon any City property or upon City income, receipts or revenues.

4.8. Financial Statements.

4.8.1. Annually in conjunction with the Annual Report and Budget, DAO shall prepare financial statements that document the disposition, commitment and line item expenditures of all District Revenues received during the previous calendar year (the "Financial Statement"). The Financial Statement shall be prepared by a Certified Public Accountant (CPA) acceptable to the City.

4.8.2. The City's review of the Financial Statement shall be conducted in accordance with Government Auditing Standards (2003 and subsequent revisions) prescribed by the Comptroller General of the United States. All other audits shall be prepared in accordance with Generally Accepted Accounting Principles in the United States of America.

4.8.3. Any District Revenues necessary to cover DAO's portion of the Financial Statement shall be set aside in the Budget.

4.8.4. The Financial Statement shall be delivered to the City at the same time as the Annual Report and Budget or within 90 days of the completion of each fiscal year of the DAO;

1.9 Program Coordination. DAO shall complete its Disbursement Duties and shall cooperate with the City in the implementation of the District Plan, including program development and coordination of District activities with City functions.

1.10 Assessment Records. DAO shall maintain a complete database for each parcel assessed within the District, containing the following information:

1.10.1 Assessor's Parcel Number

1.10.2 Street Address

1.10.3 Name and Address of Owner(s) of Record

1.10.4 Amount of the Assessment Levied

1.10.5 Proportionate Financial Obligation Imposed, compared to District

1.10.6 Assessment Calculations, including all variables used

DAO agrees to maintain such information and make it available to property owners within the District during regular business hours.

- 1.11 Annual Assessment Preparation. By June 1 of each operating year, DAO shall provide the City with Assessment data for the subsequent tax year (July 1 – June 30), in a format prescribed by the City. The Assessment data shall include all of the information required in “Assessment Records,” as described in paragraph 4.10.
- 1.12 Liaison with Community. DAO shall maintain on-going communication and coordination with District property owners, residents and property owners, which shall include:
 - 1.12.1 Annual Meeting. At its own cost and expense, DAO shall organize and conduct, at a minimum, one annual public meeting to be noticed in writing mailed to all record owners of property in the District. This meeting will be conducted at a location convenient to the District. A City representative may attend as a member of the panel to provide information and assistance.
 - 1.12.2 Other Events. Such other events and activities involving District members that encourage attainment of the District goals and objectives.
 - 1.12.3 Cost and Expense Records. DAO shall maintain full and complete records of activities performed under this Agreement. Such records shall be open to inspection by the City, and shall be maintained for a minimum of four years after the termination of this Agreement.
 - 1.12.4 Payment of Taxes. DAO is responsible for paying, when due, all taxes, including income taxes, if any, including estimated taxes, incurred as a result of activities completed under this Agreement. On request, DAO will provide City with proof of timely payment of any taxes. DAO agrees to indemnify and defend City with counsel acceptable to the City for any claims, costs, losses, fees, penalties, interest or damages suffered by City resulting from DAO’s failure to comply with this provision.
 - 1.12.5 Payment of Expenses. DAO will be responsible for all expenses incurred in performing its Disbursement Duties under this Agreement.
 - 1.12.6 Tools, Materials and Equipment. DAO will supply all tools, materials and equipment required, if any, to perform the Disbursement Duties.
 - 1.12.7 Compensation. DAO agrees and understands that it shall receive no compensation for any of the Disbursement Duties or other obligations set forth in this Agreement.

5. City Responsibilities.

5.1 Administration. This Agreement shall be administered by the City Manager or his/her designee (referred to herein as "City") on behalf of the City. The City agrees to:

5.1.1 Coordinate the collection of the annual Assessment through an agreement with Sonoma County; (hereafter referred to as "the County"), assist DAO with the billing of those public or tax-exempt entities not billed through the County property tax billing procedures; and assist as needed the monitoring of the payment process to obtain timely payment of Assessments by public entities and other tax-exempt District property owners;

5.1.2 Provide timely District property tax roll information to the County Auditor-Controller in order to include the annual Assessment amounts on the County's property tax bills;

5.1.3 Provide general information to DAO, the assessed property owners, and the public;

5.1.4 Direct the disbursement of collected Assessments to DAO in accordance with this Agreement and the approved Annual Report and Budget; and

5.1.5 Perform other related tasks, as agreed to by the City.

5.2 Discrepancies and Assessment Disputes. The City may assist with the resolution of any discrepancies in individual Assessment amounts or calculations and has the authority to:

5.2.1 Conduct reviews and or audits of any Assessment related data; verify Assessment data as compiled by any consultant, sub-consultant, or other party hired by DAO; perform field or on-site inspections to verify the accuracy of Assessment data or investigate any Property owner claims concerning the accuracy of any Assessment data.

5.2.2 Recalculate the Assessment amount due and request the Tax Collector of Sonoma County to make the requested adjustments. Provided however, that if the Tax Collector does not honor the City's request to recalculate the Assessment the City shall not be liable in any way for any Assessments other than its own, and shall not be obligated to pursue any action against the Tax Collector to obtain any adjustment or recalculation.

5.3 Disbursements. The annual District Assessments will be collected through the County property tax collection procedures and will be transmitted to the City pursuant to agreements between the City and County. Except for the costs defined in Paragraph 5.4, below, City shall disburse all of the collected Assessments to DAO pursuant to the terms and conditions of this Agreement. The City shall not be obligated to disburse Assessments which have not been collected. Upon request by DAO and with approval of the City subject to

compliance with this Agreement, any Assessments received by the City that are in excess of the annual Assessment (penalties, late-payments, etc.) shall be disbursed to the DAO upon receipt.

5.4 Assessment Disbursement Schedule. Contingent upon receipt of District Assessment funds from the County as well as collected by the City for those parcels that are tax-exempt and contingent upon DAO's compliance with this Agreement and the District Plan, the City shall disburse to the DAO the Assessments received from the County on or about the following dates and in accordance with the following percentages. Said disbursements shall include an accounting of the property Assessments paid per parcel. On or about:

December 23rd Fifty percent (50%) of annual Assessment received from the County, or the full amount transferred by the County to the City in the December installment, whichever is greater. Plus 50% of the annual Assessments received and collected by the City for tax-exempt and publicly owned parcels within the District. Nothing in this agreement shall prevent the City or its entities from paying its full assessments after the beginning of the fiscal year, (July 1st);

May 10th Fifty per cent (50%) of the annual Assessment received from the County, or the full amount transferred by the County to the City in the April installment, whichever is greater. Plus 50% of the annual Assessments received and collected by the City for tax-exempt and publicly owned parcels within the District.

June 20th Any additional Assessment amounts transferred to the City that were collected during the fiscal year (terminating on June 30th) and transferred to the City, shall be forwarded to DAO based on the schedule set forth in 5.4 herein above. Said additional amounts may include any delinquency or penalty amounts from the late or non-payment of Assessments by any property owner in the District.

5.5 Subsequent Adjustments. If there is an adjustment in the Disbursement due to changes in receipts of the District, such Disbursement may be adjusted in the following year. The City shall not be responsible for delays in payments due to delays in transmittal by the County.

5.6 City Review of Financial Summary. The City reserves the right at any time to request a current financial summary of all District Revenues committed and/or spent during the previous quarter(s) from DAO. DAO shall submit such financial summary to the City within thirty (30) business days of the City's request. The City reserves the right to review the summary and to refuse to disburse any

further installments if it is not satisfied with the statement or with regard to the propriety of DAO's commitment or expenditure during the previous quarter(s).

6. Costs and Expenses. The Parties acknowledge that the County will deduct from the funds collected on behalf of the District the County's administrative costs for the collection and distribution of Assessments to the City (the "County Administrative Costs"). The City of Santa Rosa shall not charge any administrative fees for the transfer of funds annually to the DAO.
7. Ownership of Documents. The designs, plans, reports, files, invoices, investigation materials, documents prepared or acquired by or for DAO pursuant to this Agreement become the joint property of the City and DAO. DAO agrees to exercise due diligence in providing for the secure storage of all such materials and to provide copies for official City records upon the request of City.
8. Independent Contractor. It is expressly agreed that in the performance of this Agreement, DAO is an independent contractor and is not an employee of City. DAO retains the right to control and supervise its activities, and employment, direction, compensation and discharge of all persons assisting DAO in the performance of this Agreement. DAO shall be solely responsible for all matters relating to the payment of its employees, including compliance with social security, withholding and all other regulations governing such matters, and shall be solely responsible for DAO's own acts and those of DAO's subordinates and employees.
9. DAO Not Agent of City. Neither DAO nor any of its employees, agents, representatives or subcontractors are or shall be deemed to be agents of the City or public officials for any purpose, including fulfillment of DAO's obligations pursuant to this Agreement. Nor are the funds generated by the Downtown Santa Rosa Community Benefit District to be considered as "public funds" as defined or controlled by the City of Santa Rosa.
10. DAO's Qualifications. DAO represents that it has the qualifications and skills necessary to perform the Disbursement Duties under this Agreement in a competent and professional manner without the advice or direction of City. Failure to perform all of the Disbursement Duties constitutes a material breach of this Agreement, and is cause for termination.
11. Non-Exclusive Relationship. DAO may perform services for, and contract with other clients, persons or companies in its sole discretion so long as such services and contracts do not breach this Agreement.
12. Compliance with Santa Rosa CBD Ordinance: The DAO shall comply with all requirements of the City of Santa Rosa Community Benefit District Ordinance under Santa Rosa of the Santa Rosa City Code.
13. Term and Termination
 - 13.1 Term and Termination. This Agreement shall become effective on the Effective Date and terminate when the district ceases to exist due to a successful disestablish procedure.

- 13.2 Early Termination. Either Party may terminate this Agreement at any time upon giving the other party sixty (60) days written notice.
- 13.3 Termination for Default. If either Party defaults in the performance of any of the terms and/or provisions to be performed by a Party pursuant to this Agreement, then the non-defaulting Party shall provide written notice to the defaulting Party describing the default and requesting a cure ("Default Notice"). If such default is not cured within thirty (30) days (or if the default is not susceptible to cure within said thirty-day period) after the Default Notice is mailed or delivered, then the non-defaulting Party may terminate this Agreement. To the extent the alleged default concerns or relates to the use or expenditures of District Revenues, DAO shall hold all unencumbered District Revenues in an escrow account until the default is cured.
14. Inspection of Books and Records. During the Term, and for a period of four (4) years after the Term, or two (2) years after the closure of any disputed matter, whichever occurs later, (the "Audit Period"), DAO shall maintain financial and operational records related to this Agreement, which include, but are not limited to the Annual Financial Statements, the Annual Reports and Budgets and any audits (the "Books and Records"). At the request of the City, DAO shall make all Books and Records open to inspection by the City, or its designee during normal business hours.
15. Non-Discrimination in Employment. DAO certifies and agrees not to discriminate against any employee or person who is subject to this Agreement because of race, color, religion, religious belief, national origin, ancestry, citizenship, age, sex, sexual orientation, marital status, pregnancy, parenthood, medical condition, or physical or mental disability. Evidence of discrimination shall be sufficient cause for termination of this Agreement.
16. Public Liability and Property Damage Insurance. DAO shall assume all responsibility for damages to property and injuries to persons, including accidental death, which may arise out of or may be caused by DAO's performance of this Agreement, by its subcontractors or by anyone DAO directly or indirectly employs, and whether such damage or injury may accrue, or may be discovered, before or after termination of this Agreement. At its own expense, DAO shall obtain, pay for and maintain during the life of the Agreement an "occurrence" policy for Commercial General Liability (including Contractual Liability) and for Automobile Liability which shall protect it from claims for injuries and damages. The DAO shall demonstrate that it has such policies fully paid for and in place within 30 days of the transfer of the first installment of assessment funds from the City in December 2018. The policy shall name the "City of Santa Rosa, its elected and appointed officials, officers, agents and employees" as additional insureds under the policy in the following amounts:
- 16.1 COMMERCIAL GENERAL LIABILITY INSURANCE in an amount not less than Two Million Dollars (\$2,000,000) per occurrence for personal injuries, including accidental death, to any one person; property damage insurance in an amount not less than Two Million Dollars (\$2,000,000) and subject to the above limits

and combined single limit of insurance in an amount not less than Two Million Dollars (\$2,000,000); and

- 16.2 AUTOMOBILE LIABILITY INSURANCE endorsed for all vehicles (whether rented, leased, hired, scheduled, owned or non-owned), in an amount not less than One Million Dollars (\$1,000,000) per occurrence for personal injuries, including accidental death, to any one person; property damage insurance in an amount not less than One Million Dollars (\$1,000,000) and subject to the above limits and combined single limit of insurance in an amount not less than One Million Dollars (\$1,000,000).
- 16.3 At all times, the insurance company issuing said policy shall be an “admitted” insurer in the State of California and shall carry an A.M. Best & Company minimum rating of AA:VII.
- 16.4 All policies shall contain a “Severability of Interest” clause and a “Primary Coverage” clause for any loss arising out of or caused by DAO’s performance of the Agreement. In addition, the policies shall contain a statement of obligation on the insurance carrier’s part to notify City, by registered mail, at least thirty (30) days in advance of any policy cancellation, termination or reduction in the amount of coverage.
- 16.5 Within sixty (60) days of the first transfer of funds from the City, the DAO shall deliver to City a “certificate of insurance” and an “additional insured endorsement”, both documents countersigned by the insurance carrier or its authorized representative, on forms satisfactory to the City Attorney, which set forth the above provisions.
- 16.6 The countersigned certificate, along with the additional insured endorsement, shall state: “The City of Santa Rosa, its elected and appointed officials, officers, agents and employees are named as additional insureds under this policy. This insurance is primary to the coverage of the Santa Rosa Successor Agency and the City of Santa Rosa. Neither the Agency nor the City or any of their insurers shall be required to contribute to any loss. This policy contains a severability of interest clause. The issuing company shall mail thirty (30) days advance notice to the City of any policy cancellation, termination or reduction in the amount of coverage.”
- 16.7 Additionally, the certificate of insurance shall state if any claim has been paid or is currently pending under the policy, and if so, the amount of the claim(s) and the amount of liability limits as lowered by the paid or pending claim(s). Any deductibles or self-insured retentions shall be set forth on the certificate and shall be subject to City’s review and approval.
- 16.8 WORKERS’ COMPENSATION INSURANCE. DAO understands and agrees that all persons furnishing services to DAO under this Agreement are, for the purpose of workers’ compensation liability, employees solely of DAO and not of City. DAO shall bear the sole responsibility and liability for furnishing workers’

compensation benefits to its employees, or anyone it directly or indirectly employs, for injuries arising out of or connected with services performed on behalf of DAO.

16.9 At its own expense, DAO shall obtain, pay for, and maintain for the duration of the Agreement, complete workers' compensation insurance. DAO shall provide proof of workers' compensation coverage by delivering to City either an insurance certificate or a certificate of consent to self-insure. The City shall not be responsible for any claims at law or in equity caused by DAO's failure to comply with this paragraph. All workers' compensation insurance policies shall bear an endorsement, or shall attach a rider, which provides that the insurer will notify City, by registered mail, at least thirty (30) days in advance of the policy's expiration, termination or cancellation.

16.10 DAO'S FAILURE TO OBTAIN, PAY FOR, OR MAINTAIN INSURANCE. DAO shall deliver to City the required certificate(s) of insurance and endorsement(s) to the City within sixty (60) days of the first transfer of funds under this Agreement. DAO's failure to obtain, pay for, or maintain any required insurance shall constitute a material breach upon which City may immediately terminate or suspend this Agreement. In the event of any termination or suspension, City may use the services of another consultant or consultants, without City incurring any liability to DAO. At its sole discretion, City may obtain or renew DAO's insurance, and City may pay all or part of the premiums. Upon demand, DAO shall pay City all monies paid to obtain or renew the insurance. City may offset the cost of the premium against any monies due DAO from City.

17. Laws. DAO shall comply with all laws, statutes, ordinances and rules of all applicable governmental authorities.

18. Indemnification. Throughout the term of this Agreement, as and from the date hereof, DAO agrees to defend, indemnify and hold harmless, the Santa Rosa Successor Agency, the City of Santa Rosa and its elected and appointed officials, officers agents and employees ("Indemnitees"), from and against any and all liabilities, suits, proceedings, judgments, claims, charges, damages, liens, causes of action, losses or injuries (whether in contract or in tort, including personal injury, accidental death or property damage, and regardless of whether the allegations are false, fraudulent or groundless), costs and expenses (including attorney's fees, litigation, arbitration, mediation, appeal expenses) which in whole or in part arise out of or are connected with acts or omissions of, performance of, or breach of this Agreement by DAO or DAO's independent contractors, agents, employees or delegates except to the extent such is cause by the negligent acts or willful misconduct of City. In the event of any such claim, demand, proceeding or lawsuit against the Indemnitees, DAO agrees to assume the immediate defense of Indemnitees by hiring and paying for legal counsel acceptable to City.

19. Political Prohibition. Subject to applicable State and Federal laws, monies paid pursuant to this agreement shall not be used for political purposes, sponsoring or conducting candidate's meetings, engaging in voter registration activity, nor for

publicity or propaganda purposes designed to support or defeat legislation pending before federal, state or local government.

20. Conflict of Interest

- 20.1 DAO certifies that no member, officer, or employee of the City who exercises any functions or responsibilities with respect to the programs or projects covered by this Agreement, shall have any interest, direct or indirect in this Agreement, or in its proceeds during his/her tenure or for one year thereafter.
- 20.2 DAO shall immediately notify the City of any real or possible conflict of interest between work performed for the City and for other clients served by DAO.
- 20.3 DAO warrants and represents, to the best of its present knowledge, that no employee of the City who has been involved in the making of this Agreement, or who is a member of a City board or commission which has been involved in the making of this Agreement whether in an advisory or decision-making capacity, has or will receive a direct or indirect financial interest in this Agreement in violation of the rules contained in California Government Code Section 1090 et seq., pertaining to conflicts of interest in public contracting. DAO shall exercise due diligence to ensure that no such employee will receive such an interest.
- 20.4 DAO further warrants and represents, to the best of its present knowledge and excepting any written disclosures as to these matters already made by DAO to City, that no employee of the City who has participated in decision-making concerning this Agreement or has used his or her official position to influence decisions regarding this Agreement, has an economic interest in DAO or this Agreement. For purposes of this paragraph, an official is deemed to have an "economic interest" in any (a) for-profit business entity in which the official has a direct or indirect investment worth \$2,000 or more, (b) any real property in which the official has a direct or indirect interest worth \$2,000 or more, (c) any for-profit business entity in which the official is a director, officer, partner, trustee, employee or manager, or (d) any source of income or donors of gifts to the official (including nonprofit entities) if the income or value of the gift totaled more than \$500 the previous year. DAO agrees to promptly disclose to City in writing any information it may receive concerning any such potential conflict of interest. DAO's attention is directed to the conflict of interest rules applicable to governmental decision-making contained in the Political Reform Act (California Government Code Section 87100 et seq.) and its implementing regulations (California Code of Regulations, Title 2, Section 18700 et seq.).
- 20.5 DAO shall incorporate or cause to be incorporated into all subcontracts for work to be performed under this Agreement a provision governing conflict of interest in substantially the same form set forth herein.

21. No Waiver. Nothing herein is intended to waive any applicable federal, state or local conflict of interest law or regulation.

22. Remedies and Sanctions. In addition to the rights and remedies otherwise available to the City under this Agreement and under federal, state and local law, DAO understands and agrees that, if the City reasonably determines that DAO has failed to make a good faith effort to avoid an improper conflict of interest situation or is responsible for the conflict situation, the City may (1) suspend payments under this Agreement, (2) terminate this Agreement, (3) require reimbursement by DAO to the City of any amounts disbursed under this Agreement. In addition, the City may suspend payments or terminate this Agreement whether or not DAO is responsible for the conflict of interest situation.
23. Assignment. DAO shall not assign or otherwise transfer any rights, duties, obligations or interest in this Agreement or arising hereunder to any person, persons, consultant or sub-consultant, entity or entities whatsoever without the prior written consent of City and any attempt to assign or transfer without such prior written consent shall be void. Consent to any single assignment or transfer shall not constitute consent to any further assignment or transfer.
24. Time of the Essence. Time is of the essence in the performance of this Agreement.
25. Commencement, Completion and Close Out. It shall be the responsibility of the DAO to coordinate and schedule the work to be performed so that commencement and completion take place in accordance with the provisions of this Agreement. Any time extension granted to DAO to enable DAO to complete the work must be in writing and shall not constitute a waiver of rights the City may have under this Agreement. Should the DAO not complete the work by the scheduled date or by an extended date, the City shall be released from all of its obligations under this Agreement.
26. Governing Law. This agreement shall be governed by the laws of the State of California.
27. Notices. If either party shall desire or be required to give notice to the other, such notice shall be given in writing, by prepaid U.S. certified or registered postage, addressed to recipient as follows:

For the City of Santa Rosa:

City of Santa Rosa
City Manager
City Hall - 100 Santa Rosa Avenue, Room 10
Santa Rosa, CA 95404

With Copy provided to:

City Attorney
City Hall – 100 Santa Rosa Avenue, Room 8
Santa Rosa, CA 95404

For DAO

President of the Board
Downtown Action Organization

50 Old Courthouse Square, Suite 110
Santa Rosa, CA 95404

- 27. Entire Agreement of the Parties. This agreement supersedes any and all agreements, either oral or written, between the parties with respect to the rendering of disbursement duties by DAO for City with regard to the Downtown Santa Rosa Community Benefit District of 2018 and contains all of the representations, covenants and agreements between the parties with respect to the rendering of those duties. Each party to this agreement acknowledges that no representations, inducements, promises or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any parties, which are not contained in this agreement, and that no other agreement, statement or promise not contained in this agreement will be valid or binding.
- 28. Modification. Any alteration, change or modification of or to this Agreement shall not be effective unless made in writing in each instance signed on behalf of each Party.
- 29. Severability. If any term, provision, or covenant of this Agreement, or its application to any Party or circumstances shall be held by a court of competent jurisdiction, to be to any extent, invalid, void or unenforceable, the remaining provisions will continue in full force and effect without being impaired or invalidated in any way.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the respective dates set forth below.

CITY:
City of Santa Rosa,
a Municipal Corporation

DAO:
Downtown Action Organization of Santa Rosa
a California Non-profit Public Benefit
Corporation

By: _____
Sean McGlynn, City Manager

By: _____
President

(Printed)

(Date)

(Date)

Approved as to form:
CITY ATTORNEY

By: _____
City Attorney

Exhibits:

Exhibit A: Downtown Santa Rosa Community Benefit District Management Plan

Exhibit B: City of Santa Rosa Community Benefit District Ordinance



**The Downtown Santa Rosa Community Benefit District
2018 Management District Plan**

Final Plan – April 10, 2018

Formed Under Article 5 to Chapter 6-56 of Title 6 of the Santa Rosa City Code
Relating to the Establishment of Community Benefit Districts

Prepared by:

New City America, Inc.

The Downtown Santa Rosa Community Benefit District Steering Committee
and the Downtown Action Organization



Corporate Office ■ 710 W. Ivy Street ■ San Diego, CA 92101 ■ 619-233-5009 ■ Fax 619-239-7105
San Francisco Bay Area Office ■ 954 Lee Avenue, ■ San Leandro, CA 94577 ■ 888-356-2726
New England Office: 42 Pearl Street, ■ New Bedford, MA ■ 02740
mail@newcityamerica.com ■ **www.newcityamerica.com** ■ Facebook: New City America, Inc.

**The Downtown Santa Rosa Community Benefit District
2018 Management District Plan**

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Attachment:

A. Engineer's Report

Section 1

Management District Plan Summary

The name of this Community Benefit District (“CBD”) is the Downtown Santa Rosa Community Benefit District (the “District”). The District is formed under Article 5 to Chapter 6-56 of Title 6 of the Santa Rosa City Code Relating to the establishment of Community Benefit Districts.

The levy of assessments on real property within the proposed District will fund physical improvements to individual properties, attract new customers, and increase business sales. The assessments will fund maintenance, special events and activities, and other special benefits within the District, revitalizing the Downtown Santa Rosa area and creating jobs, attracting and retaining businesses, and reducing crime.

Since the Spring of 2017, a group of Downtown Santa Rosa property owners have worked to gauge support within the community for a new *Special Benefit District* for both the Downtown Santa Rosa property owners and business community alike. The City of Santa Rosa hired New City America – a company specializing in *Special Benefit District* formation and management - to work with the Downtown Santa Rosa property owners to investigate the viability of a new Community Benefit District in Downtown Santa Rosa.

Since the initiation of work last Spring, the Downtown Santa Rosa Community Benefit District Steering Committee and the Downtown Action Organization approved a plan on how to fund and manage these new services in Downtown. Previously, the Santa Rosa Chamber of Commerce had investigated and initiated the steps to form such a district throughout 2016 and 2017.

Changes in Downtown Santa Rosa

In 2011, the State Legislature dismantled 408 redevelopment agencies, redirecting the flow of funds back to the counties, school districts, and cities rather than reinvesting back into redevelopment areas. The California League of Cities filed a lawsuit to stop this elimination, resulting in a 2011 California Supreme Court ruling ceasing the operations of all redevelopment agencies by February 2012. Consequently, the method of financing used previously by the City of Santa Rosa to fund Downtown Santa Rosa improvements no longer existed. In the past, the opportunity to fund pedestrian lighting, new sidewalks, and public improvements in Downtown Santa Rosa has typically been through this redevelopment, tax-increment financing. In light of the loss of that historic funding mechanism, the investigation of a new Downtown Santa Rosa CBD centered on these seven questions:

Without the Redevelopment agency to fund these improvements, the question still remains on how do property owners make sure:

1. That Downtown Santa Rosa's district brand will become more positive in Sonoma County.
2. That greater demand will be placed on the buildings resulting in greater rental rates and commerce to businesses and tenants.
3. That issues in the public rights of way including people demonstrating questionable behavior will be managed more consistent with standards in other communities.
4. That retail and restaurant commerce will increase for businesses.
5. That the public rights of way will become more orderly and attractive.
6. That new market rate housing will be built within Downtown.
7. That short-term and long-term parking needs and overall mobility, will be addressed.

How can a new CBD benefit property owners in Downtown Santa Rosa?

In summary, a Downtown Santa Rosa CBD is a *Special Benefits Assessment District* whereby property owners will pay for and control the assessments they generate through the CBD. The CBD will not replace current City services, but it can fund solutions to supplement City services in the areas including:

- safety and homeless/vacancy problems
- sidewalk cleanliness
- increase the trimming and replacement of damaging trees and landscaping
- install/improve decorative amenities such as street furniture/fixtures/equipment/lighting
- promote and enhance the brand/image of Downtown Santa Rosa
- manage events at Courthouse Square
- create a strong social media presence, and facilitate public relations for Downtown Santa Rosa businesses
- provide parking directional services and other mobility related activities

MOST IMPORTANTLY, THESE PROPERTY ASSESSMENT FUNDS CANNOT REPLACE EXISTING CITY SERVICES IN DOWNTOWN SANTA ROSA AND WOULD BE CONTROLLED BY A NON-PROFIT CORPORATION OF PROPERTY AND BUSINESS OWNERS, AFTER THE DISTRICT IS VOTED IN BY PROPERTY OWNERS.

Special Benefit Budget Category Analysis

The District Plan gives the property owners greater flexibility in determining the type and frequency of special benefit services that will be allocated on a year-to-year basis. As Downtown Santa Rosa evolves, services that are needed one year may not be needed the next. *Therefore, "bundles" or categories of special benefit funding are created and divided into five broad categories.*

Each section will give the property owner management corporation the percentages per services for the life of the District, but the flexibility to prioritize or minimize a service found within that category during the life of the District. The five categories of services include Sidewalk Operations, District Identity, Parking and Mobility, Administration, and Contingency.

The categories of services and their percentages represent the service plan the Downtown Santa Rosa property owners will be voting on when the District comes up for a mail ballot later this Spring or during the summer.

Estimated First Year Annual Budget: Approximately \$ 533,645.00 from assessments, (percentages rounded off)

Estimated % of Cost Per Category:

	<u>%</u>	<u>Annual Amount</u>
a. Sidewalk Operations, Civil Sidewalks	66%	\$ 350,000
b. District identity	9%	\$ 50,000
d. Parking and Mobility Related	7.5%	\$ 40,000
e. Program Management/Administration	14%	\$ 75,000
f. Contingency	3.5%	<u>\$ 18,645</u>
Total First Year Assessment		\$533,645.00

The proposed “bundles” of special benefit services are listed below.

SIDEWALK OPERATIONS/CIVIL SIDEWALKS:

Examples of this category of special benefit services and costs may include, but are not limited to:

- Regular sidewalk and gutter sweeping
- Regular sidewalk steam cleaning
- Beautification of the District
- Enhanced trash emptying (over and above city services)
- Timely graffiti removal, within 24 hours as necessary
- Tree and vegetation maintenance (over and above city services)
- Maintenance of existing and new public spaces
- Planting flowers and installation and maintenance of hanging plants throughout the District
- Private security or case workers to address homeless issues, aggressive panhandling and mentally ill persons, including possible hiring of additional Santa Rosa Police Department Bike patrols and/or a camera system

DISTRICT IDENTITY AND STREETScape IMPROVEMENTS:

Examples of this category of special benefit services and costs may include, but are not limited to:

- Web site development and updating
- Application development
- Management and coordination of special events
- Social media
- Public relations
- Holiday and seasonal decorations

- Branding of District properties so a positive image is promoted to the public
- Banner programs
- Public art displays
- Logo development
- Public space design and improvements

PARKING AND MOBILITY:

Examples of this category of special benefit services and costs may include, but are not limited to:

- Creation of a new parking application
- Possible shuttle to and from train station
- Wayfinding system
- Installation of shared parking spaces with the City
- Possible community valet operated by the Management Corporation
- Negotiation of bulk or discount rates for District property owners and tenants with parking structures after hours of with surplus parking. As the districts becomes more dense, parking demand will increase and if current multi structure buildings can't accommodate the demand, the District may coordinate employee and tenant needs with the available peripheral parking to meet this need;
- Bike racks, car sharing spaces and other items that increase mobility in the district
- Negotiation with dockless bicycle companies to ensure that bicycles are launched in an organized way within District boundaries. Dockless bikes are creating major positive and negative mobility issues for Downtowns throughout the country. The District staff will need to work with the City and the dockless bike companies to ensure that these bikes do not impede the public rights of way

ADMINISTRATION/PROGRAM MANAGEMENT

Examples of this category of special benefit services and costs may include, but are not limited to:

- Staff and administrative costs
- General liability and Directors and Officers Insurance
- Office related expenses
- Rent
- Financial reporting and accounting
- Legal services

CONTINGENCY/CITY AND COUNTY FEES/RESERVE

Examples of this category of special benefit services and costs include, but are not limited to:

- Delinquencies, City/County fees, reserves

METHOD OF FINANCING:

The financing of the Downtown Santa Rosa CBD is based upon the levy of special assessments upon real properties that receive special benefits from the improvements and activities based upon which Benefit Zone they are located within. See Section 4 for assessment methodology and compliance with Article XIII (d) . There will be five factors used in the determination of proportional costs to the parcels in the District. These five factors are:

- Linear frontage
- Lot size or the footprint of the parcel
- Building square footage (excluding parking square footage built within the building that predominantly serves the tenants of the building and are not open to the public)
- City owned parking spaces that are open to the public
- Future commercial or residential condominiums that will be constructed within the District

Costs:

First Year Downtown Santa Rosa CBD Property Assessment Annual Costs

Zone	Cost/Building Square Footage	Lot Size Square Footage Cost	Linear Frontage Costs	City Parking Space costs per year
1	\$0.14	\$0.02	\$ 4.30	NA*
2	\$0.10	\$0.02	\$ 3.00	NA
3	\$0.14	NA	NA	NA
(Simon Mall and related buildings)				
4	NA	NA	0	\$36.00 per space per year
(City Parking Structures/Lots)				

*Not applicable

Benefit Zones:

1. Core properties around Courthouse Square (see Benefit Zone map)
2. Downtown peripheral properties
3. Simon Mall and related buildings
4. City Parking structures – 3,210 spaces

(City owned parcels are included in the District and are assessed based upon their location in Benefit Zone 1 or 2, if not parking related.)

- Annual assessments are based upon an allocation of program costs by assessable linear frontage, (assessable on all sides of the parcels that receive benefits); PLUS lot or parcel square footage; PLUS assessable building square footage, and in the case of residential condominiums, by actual building/unit square footage.
- Current and future residential condominium owners are assessed differently since condominiums include actual building square footage that are not necessarily on the ground level, therefore linear frontage and lot size are not _____ to condominiums. This alternate assessment methodology is created to respond to special needs within the growing District.
- The Simon Mall and related adjacent retail buildings are assessed for buildings square footage to fund marketing, promotions, public space activation for the nearby Courthouse square and ensuring that the parcels surrounding the mall remain clean, orderly and activated. If and when these buildings are redeveloped, they will be included in Benefit Zone 1 based upon the various property variable costs and level of services in this Benefit Zone.
- The City owned parking structures and lots will be assessed to create greater demand for these parking facilities and to accommodate customers in Downtown Santa Rosa. Based upon the data provided by the City, there are 3,210 parking spaces in the boundaries of the proposed District. They are each assessed \$36.00 per year, as stated in this Plan.

Cap:

The District budget and assessments may be subject to annual increases not to exceed 5% per year. Increases will be determined by the Owners' Association/District Management Corporation and will vary between 0% and 5% annually. Changes in land uses, the development of vacant parcels, the conversion of tax exempt to profitable land uses, the demolition of buildings, building improvements that increase square footages, and new building construction or residential condominium development, may alter the District's budget and individual property assessments. Linear frontage and parcel size are normally not altered in the redevelopment of a site. Changes to assessments are more likely to occur upon changes to building square footages. Changes may also occur upon the conversion of single parcels to multiple parcels due to the construction of residential or commercial condominiums.

As Zone 3 parcels are converted from predominantly major retail buildings to housing or other land uses, the assessments apportioned to Zone 1 parcels will be applied to these converted Zone 3 parcels in the fiscal year following that conversion.

Bonds:

The District will not issue any bonds related to any program.

District Formation:

Under Article V of Chapter 6-56 of the Santa Rosa City Code (“Article V”), District formation requires a submission of petitions from property owners in the proposed district representing more than 30% of the total assessments.

Once the City verifies the petitions totaling a minimum of 30% of \$ 533,645.00 (or \$ 160,093) in assessment contributions to the District, the Santa Rosa City Council may adopt a **Resolution of Intention** to mail out ballots to all affected property owners. The City will then hold a public hearing and tabulate the ballots. The Downtown Santa Rosa CBD will be formed if the weighted majority of all returned mail ballots support District formation and if the City Council adopts a **Resolution of Formation** to levy the assessments on the benefiting parcels.. The date for that public hearing has not been scheduled but is assumed that it will be held in late July 2018.

Boundaries:

The proposed Downtown Santa Rosa CBD consists of approximately 25 square blocks consisting of 159 parcels owned by 118 property owners, including the City of Santa Rosa. See the Downtown Santa Rosa proposed CBD map in Section 2, pages 12 and 13. The District is generally bounded by:

- On the south: On the north side of 1st Street from D Street running west to Santa Rosa Avenue and continuing westward along the north side of the Santa Rosa Creek to Morgan Street;
- On the west: On the west side of Morgan Street from the Santa Rosa Creek running northward to 6th Street and following A Street to 7th Street;
- On the east: From parcel 063-029 on the east side of E Street, running northward on both sides of E Street to parcel 052-047 near the intersection of 7th Street and E Street;
- On the north: Beginning at E Street heading west along 7th Street running south on Beaver and continuing on the northern side of the parcels fronting on 5th Street to Humboldt, running northward to 7th Street and heading westward including the parcels on both sides of 7th Street up to A Street.

Data in the proposed District:

Building Sq. Ft	Lot Sq. Ft.	Linear Frontage	Residential Condominium Bldg. Sq. Ft.	Public parking spaces
2,339,480 sq. ft.	2,412,012 sq. ft.	29,399 linear ft.	0	3,210

Term

Under Article V, the District may be established in perpetuity, based upon the will of the property owners. Acting through the District Management Corporation, District property owners will determine the duration of the District. Article V permits an annual disestablishment of the District upon petition and vote of the property owners.

Time and Manner for Collecting Assessments:

The Downtown Santa Rosa CBD assessments will appear as a separate line item on annual property tax bills prepared by the County of Sonoma. The assessments are collected at the same time and in the same manner as ad valorem property taxes paid to the County of Sonoma. The assessments have the same lien priority and penalties for delinquent payments as ad valorem property taxes. Any delinquent assessments owed for the first year will be added to the property tax roll for the following year together with any applicable interest and penalties. The “property owner” means any person shown as the owner/taxpayer on the last equalized assessment roll or otherwise known to be the owner/taxpayer by the City.

Government Assessments:

The Downtown Santa Rosa CBD Management Plan assumes that the City of Santa Rosa, the Parking Authority, the Successor Agency to the Redevelopment Agency of the City of Santa Rosa, and the Housing Authority of the City of Santa Rosa will pay assessments for the public property they own in the District. Article XIII D, Section 4 of the California Constitution provides that public agencies such as the City and Successor Agency are not exempt from the assessments.

Parcels owned by the City of Santa Rosa identified in Section 7 will receive benefits commensurate with assessments they pay. These publicly owned parcels are presumed to benefit equally to the privately-owned parcels with respect to the special benefit services outlined in this Management District Plan.

Governance:

Pursuant to Article V and Section 36650 of the California Streets and Highway Code, a District Management Corporation or Owners’ Association will review District budgets and policies annually within the limitations of the Management District Plan. The Management Corporation must file Annual Reports with the City of Santa Rosa and will oversee the day-to-day implementation of services as defined in the Management District Plan.

“[O]wners' association" means a private nonprofit entity that is under contract with a city to administer or implement activities and improvements specified in the management district plan. An owners' association may be an existing nonprofit entity or a newly formed nonprofit entity. An owners' association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose. (Sts. & Hy. Code § 36612.)

Disestablishment

Under Article V, Downtown Santa Rosa CBD participants will have an annual period in which to petition the City Council to disestablish the CBD. If the property owners vote by weighted majority to disestablish the District, assessments will be removed from the parcels the following fiscal year. Unexpended surplus funds will be returned to property owners based upon a parcel’s percentage contribution to the previous fiscal year’s assessments.

Exemptions or Reductions in Rates:

Under this Management District Plan and consistent with Proposition 218 and Article XIII (D) of the State Constitution, no parcel receiving special benefits from the establishment of a property assessment district is exempt from payment of the assessment. This Plan acknowledges the financial impact that CBD assessments may have on various land uses within the boundaries of the District. Therefore, *affordable housing building square footage* is exempt from the building mass in the calculation of assessments for that parcel. If and when an affordable housing component is relocated out of the District or converted, that building square footage will be fully assessed consistent with Benefit Zone 1 or 2 as outlined in this Plan.

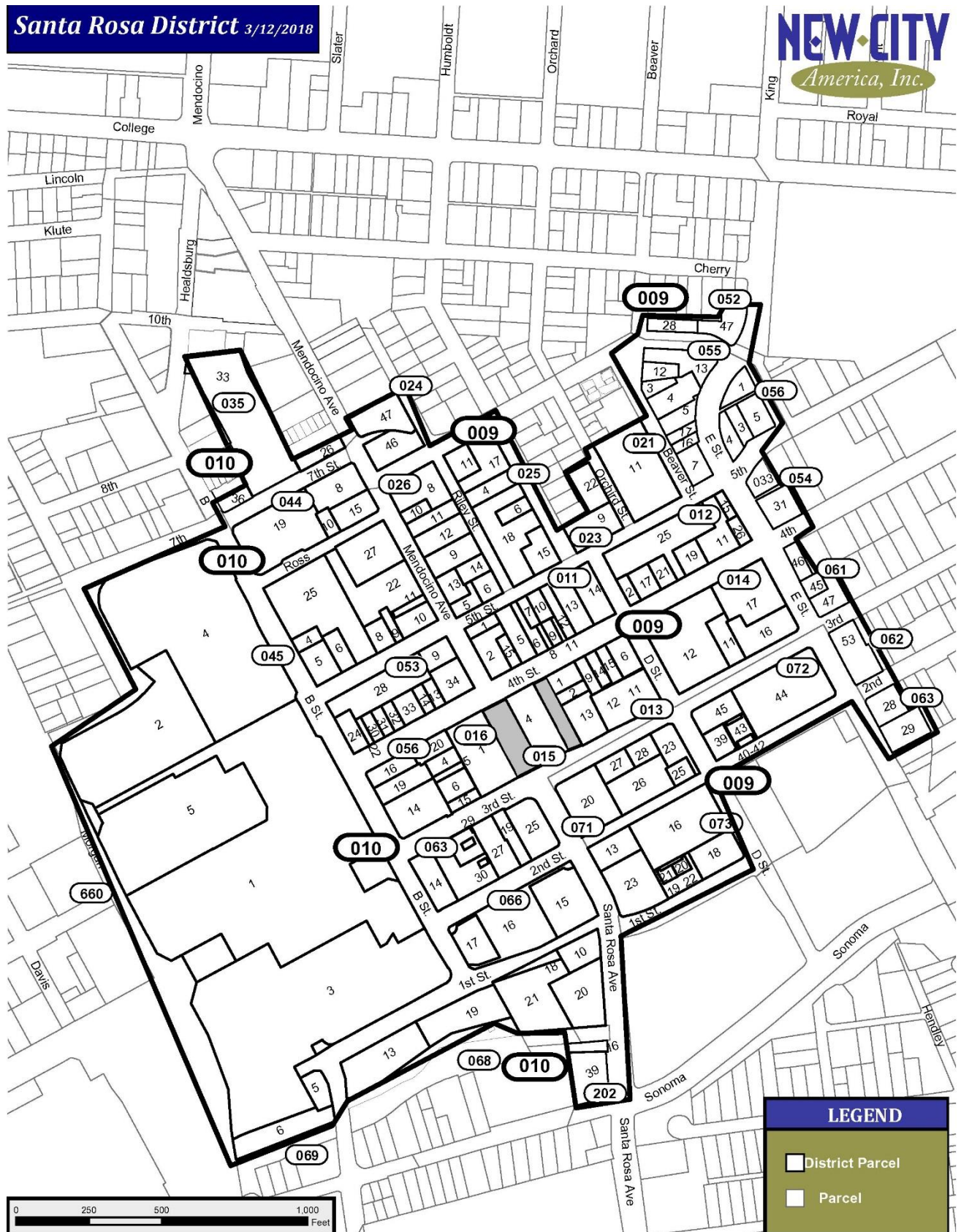
Section 2

Downtown Santa Rosa Community Benefit District Boundaries

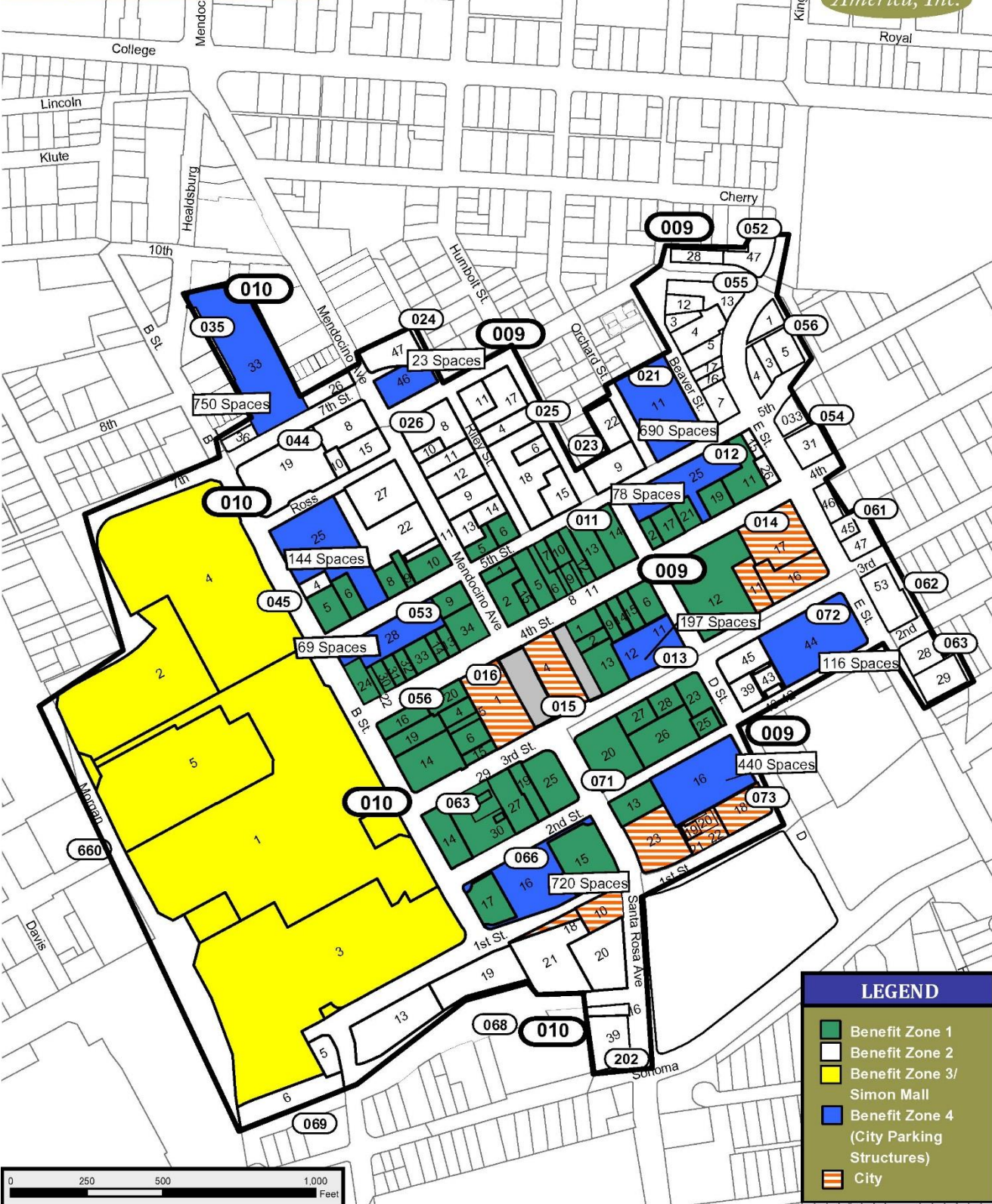
Boundaries:

The proposed Downtown Santa Rosa CBD consists of approximately 25 square blocks consisting of 159 parcels owned by 118 property owners, including the City of Santa Rosa. See the Downtown Santa Rosa proposed CBD map below. The District is generally bounded by:

- *On the south:* On the north side of 1st Street from D Street running west to Santa Rosa Avenue and continuing westward along the north side of the Santa Rosa Creek to Morgan Street;
- *On the west:* On the west side of Morgan Street from the Santa Rosa Creek running northward to 6th Street and following A Street to 7th Street;
- *On the east:* From parcel 063-029 on the east side of E Street, running northward on both sides of E Street to parcel 052-047 near the intersection of 7th Street and E Street;
- *On the north:* Beginning at E Street heading west along 7th Street running south on Beaver and continuing on the northern side of the parcels fronting on 5th Street to Humboldt, running northward to 7th Street and heading westward including the parcels on both sides of 7th Street up to A Street;



**Santa Rosa District
Benefit Zone Map 3/6/2018**



Section 3

District Improvement and Activity Plan

Process to Establish the Improvement and Activity Plan:

Since the Spring of 2017, business and property owners in Downtown Santa Rosa have met first in small settings, and then in larger meetings, to discuss the advantages of creating a Downtown Santa Rosa Community Benefit District. An initial study of the Property Business Improvement District, and later the Community Benefit District, commenced in 2016 by the Santa Rosa Chamber of Commerce and its Downtown Action Organization. Within this process, the City hired New City America, a consulting company specializing in such district formations, to work with the Downtown property owners to formally bring this property owner initiated process to a vote.

In September of 2017, a new Downtown Santa Rosa CBD Steering Committee began to meet to review the proposed boundaries, special services, costs, management and the term of the new CBD. After the review, the Steering Committee voted to create four distinct benefit zones based upon the special benefits anticipated to be received by each parcel owner.

The state constitution identifies the purpose of property assessments. Unlike special and general taxes, there must be a relationship between how much a property owner pays into a property assessment district and what type of benefit they receive. Property owners must receive more benefits due to the size of their linear frontage, lot square footage, or buildings square footage. All parcels within the boundaries of the Downtown Santa Rosa CBD are required to pay assessments (no properties are exempt). Costs are determined by the type and frequency of services.

Meetings of the Downtown Santa Rosa CBD Steering Committee:

Since the summer of 2017, one on one meetings were held with a number of Downtown Santa Rosa property owners as well as meetings of the Downtown Action Organization and the CBD Steering Committee. After these series of meetings were held, a first meeting of the CBD Steering Committee was set in June 2017. Public meeting dates were held on the following dates:

- June 22nd
- July 27th
- August 16th
- October 4th
- December 19th
- January 24th
- February 22nd

Explanation of Special Benefit Services:

All of the improvements and activities detailed below are provided only to properties within the boundaries of the Downtown Santa Rosa CBD, as the improvements and activities will provide special benefits to the owners of these properties. No improvements or activities will be provided to properties outside Downtown Santa Rosa CBD boundaries.

The City will continue to provide *general benefit services* from the general fund in Downtown Santa Rosa which will include public safety, periodic street tree trimming, street sweeping, trash collection of public refuse containers, etc. The frequency of these general benefits may change from year to year and time to time based upon budget constraints. However, City general benefits will not be withdrawn from the Downtown Santa Rosa CBD unless they are withdrawn by an equal amount City wide. ***The CBD funded special benefits will not replace City funded general benefits, but rather will provide special benefits to parcel owners over and above the general benefits provided by the City of Santa Rosa.***

All services funded by the assessments outlined in the Management District Plan are intended to directly benefit the properties within the District to support increased commerce, business attraction and retention, to retain and increase commercial property rentals, attract new residential developments, enhance safety and cleanliness in the District, improve District identity, and eventually fund specialized beautification and enhanced services for the future residential condominiums within the District.

Special Benefit Budget Category Analysis

This Plan gives property owners greater flexibility in determining the type and frequency of special benefit services that will be allocated on a year-to-year basis. As Downtown Santa Rosa evolves, services that are needed one year may not be needed the next. Therefore, “bundles” or categories of special benefit funding have been created and divided into five broad categories - Sidewalk Operations, District Identity, Parking and Mobility, Administration, and Contingency. The bundles are allocated funding percentages with the flexibility to prioritize or minimize a service within each bundle.

The bundles or categories of services and their percentages represent the service plan the Downtown Santa Rosa property owners will be voting on when the CBD comes up for a mail ballot later this Spring.

Estimated First Year Annual Budget: Approximately \$533,645.00 from assessments, (percentages are rounded off).

Table 3 A
First Year Annual Budget for the Downtown Santa Rosa CBD, FY 2019

Special Benefit Category	First Year Budget	% of total budget
Sidewalk Operations/Civil Sidewalks	\$ 350,000	66%
District Identity	\$ 50,000	9%
Parking and Mobility Related	\$ 40,000	7.5%
Program Management/Administration	\$ 75,000	14%
Contingency/Reserve	\$ 18,645	3.5%
Total First Year Budget	\$ 533,645.00	100%

The proposed “bundles” of special benefit services are listed below.

SIDEWALK OPERATIONS/CIVIL SIDEWALKS:

Examples of this category of special benefit services and costs may include, but are not limited to:

- Regular sidewalk and gutter sweeping
- Regular sidewalk steam cleaning
- Beautification of the District
- Enhanced trash emptying (over and above city services)
- Timely graffiti removal, within 24 hours as necessary
- Tree and vegetation maintenance (over and above city services)
- Maintenance of existing and new public spaces
- Planting flowers and installation and maintenance of hanging plants throughout the District
- Private security or case workers to address homeless issues, aggressive panhandling and mentally ill persons, including possible hiring of additional Santa Rosa Police Department Bike patrols and/or a camera system

DISTRICT IDENTITY AND STREETScape IMPROVEMENTS:

Examples of this category of special benefit services and costs may include, but are not limited to:

- Web site development and updating
- Application development
- Management and coordination of special events
- Social media
- Public relations
- Holiday and seasonal decorations
- Branding of District properties so a positive image is promoted to the public
- Banner programs
- Public art displays

- Logo development
- Public space design and improvements

PARKING AND MOBILITY:

Examples of this category of special benefit services and costs may include, but are not limited to:

- Creation of a new parking application
- Possible shuttle to and from train station
- Wayfinding system
- Installation of shared parking spaces with the City
- Possible community valet operated by the Management Corporation
- Negotiation of bulk or discount rates for District property owners and tenants with parking structures after hours of with surplus parking. As the districts becomes more dense, parking demand will increase and if current multi structure buildings can't accommodate the demand, the District may coordinate employee and tenant needs with the available peripheral parking to meet this need;
- Bike racks, car sharing spaces and other items that increase mobility in the district
- Negotiation with dockless bicycle companies to ensure that bicycles are launched in an organized way within District boundaries. Dockless bikes are creating major positive and negative mobility issues for Downtowns throughout the country. The District staff will need to work with the City and the dockless bike companies to ensure that these bikes do not impede the public rights of way

ADMINISTRATION/PROGRAM MANAGEMENT

Examples of this category of special benefit services and costs may include, but are not limited to:

- Staff and administrative costs
- General liability and Directors and Officers Insurance
- Office related expenses
- Rent
- Financial reporting and accounting
- Legal services

CONTINGENCY/CITY AND COUNTY FEES/RESERVE

Examples of this category of special benefit services and costs include, but are not limited to:

- Delinquencies, City/County fees, reserves

ENHANCED RESIDENTIAL CONDOMINIUM UNIT IMPROVEMENTS:

(currently don't exist within the boundaries of the District)

Examples of these special benefit services and costs may include, but are not limited to:

Future residential condominium development within the boundaries of the District will be assessed separately due to their unique characteristics and special benefit needs. Residential condominiums or town homes will have the following special benefit services conferred on the frontage their parcels. These services may include, but will not be limited to:

- Installation, stocking and upkeep of pet waste stations on the frontages adjacent to high concentrations of residential condominium individually assessed parcels;
- Enhancement and beautification of sidewalks on the frontages adjacent to high concentrations of residential individually assessed parcels;
- Installation of hanging plants and enhanced upkeep of the sidewalks surrounding frontages adjacent to residential condominiums;
- Other services requested by residents that confer special benefits to the areas directly adjacent to parcels with high concentrations of residential condominiums;
- Proportional share of the Administrative and Contingency costs to cover the oversight of enhanced beautification special benefit services.

Operating Budget:

A projected operating budget, based upon Article V, has no set term. However, for the sake of clarity to District property owners, a ten year budget projection is shown below. The projections are based upon the following assumptions:

- Assessments will be subject to annual increase, not to exceed 5% per year.
- Changes in land use, demolition of existing buildings, and new development will occur.

The budget for specific programs may be reallocated within each budget category by up to 10%. The Management Corporation Board may alter the budget based upon service needs and such changes shall be included in the Annual report and submitted to the Santa Rosa City Council for review and approval.

Table 3 – B
Ten-Year Projection of Maximum Assessment for the
Downtown Santa Rosa CBD

Projected Budget	FY 1	FY 2	FY 3	FY 4	FY 5
Sidewalk Operations/Civil Sidewalks	\$350,000.00	\$367,500.00	\$385,875.00	\$405,168.75	\$425,427.19
District Identity	\$50,000.00	\$52,500.00	\$55,125.00	\$57,881.25	\$60,775.31
Parking & Mobility	\$40,000.00	\$42,000.00	\$44,100.00	\$46,305.00	\$48,620.25
Administration	\$75,000.00	\$78,750.00	\$82,687.50	\$86,821.88	\$91,162.97
Contingency	\$18,645.00	\$19,577.25	\$20,556.11	\$21,583.92	\$22,663.11
Total	\$533,645.00	\$560,327.25	\$588,343.61	\$617,760.79	\$648,648.83

Projected Budget	FY 6	FY 7	FY 8	FY 9	FY 10
Sidewalk Operations/Civil Sidewalks	\$446,698.55	\$469,033.47	\$492,485.15	\$517,109.41	\$542,964.88
District Identity	\$63,814.08	\$67,004.78	\$70,355.02	\$73,872.77	\$77,566.41
Parking & Mobility	\$51,051.26	\$53,603.83	\$56,284.02	\$59,098.22	\$62,053.13
Administration	\$95,721.12	\$100,507.17	\$105,532.53	\$110,809.16	\$116,349.62
Contingency	\$23,796.27	\$24,986.08	\$26,235.39	\$27,547.16	\$28,924.51
Total	\$681,081.27	\$715,135.34	\$750,892.11	\$788,436.71	\$827,858.55

Notes:

- Assumes a 5% maximum yearly increase on all budget items.
- Any accrued interest or delinquent payments will be expended in the above categories.
- Residential condominium assessments are zero for the first year, and will be included when the first residential condominiums are actually built within the boundaries of the District.

Section 4

Assessment Methodology

The Downtown Santa Rosa CBD is a property-based special benefit assessment district being established pursuant to the Santa Rosa Community Benefit District enabling ordinance adopted by the Santa Rosa City Council in March 2018. Due to the special benefit nature of assessments levied within a CBD, program costs are to be distributed amongst all identified specially benefited properties based on the proportional amount of special program benefits each property is expected to derive from the assessments collected.

The ordinance refers to the requirement that relative benefit received from CBD funded programs and activities be used to determine the amount of assessment paid. Only those properties expected to derive special benefits from CBD funded programs and activities may be assessed and only in an amount proportional to the relative special benefits expected to be received.

General vs. Special Benefits:

As provided by Proposition 218, assessment district programs and activities confer a combination of general and special benefits to properties, but the only program benefits that can be assessed are those that provide special benefit to the assessed properties. "Special Benefit" as defined by the California State Constitution, Article XIII (d), means "*a particular and distinct benefit over and above general benefits conferred on real property located in the District or to the public at large.*" For the purposes of this analysis, "General Benefits" are benefits provided within Downtown Santa Rosa that are not special in nature, are not "particular and distinct" and are not over and above the benefits that other city parcels receive.

General benefits are not restricted to benefits conferred only on persons and property outside the assessment district, but can include benefits both conferred on real property located in the district or to the public at large. "At large" means not limited to any particular person – and means all members of the public - including those who live, work, and shop within the district - and not simply transient visitors.

The property uses within the boundaries of the proposed Downtown Santa Rosa CBD which will receive special benefits from CBD funded programs and services are currently a mix of retail, service, office, religious, residential and parking. Services, programs and improvements provided by the Downtown Santa Rosa CBD are primarily designed to provide special benefits to identified parcels within the boundaries of the District.

Parcels that receive the special benefit programs, services and improvements outlined in this Management District Plan will attract more customers, employees, tenants and investors as a result of these programs, services and improvements, thereby increasing business volumes, sales transactions, occupancies, and rental income, and for future residents, make Downtown Santa

Rosa more walkable, attractive and livable. These benefits are particular and distinct in that they are not provided to non-assessed parcels within or outside of the District. Because these programs, services and improvements will only be provided to each individual assessed parcel within the Downtown Santa Rosa CBD boundaries, these programs, services and improvements will constitute "special benefits."

Existing City of Santa Rosa services will not be replaced or duplicated by Downtown Santa Rosa CBD funded services. The very nature of the purpose of this District is to fund supplemental programs, improvements and services within the Downtown Santa Rosa boundaries above and beyond what is being currently funded either via normal tax supported methods or other funding sources. The assessments to be levied on parcels within the Downtown Santa Rosa CBD are for services, programs and improvements directly benefiting each individual parcel within this area and support increased cleanliness, commerce, business attraction and retention, increased commercial property rental income and improved District identity. No CBD funded services, activities or programs will be provided beyond the CBD boundaries.

While every attempt is made to provide CBD services and programs to confer benefits only to those identified assessed parcels within the District, the California State Constitution, Article XIII (d), was amended via Proposition 218 to provide that general benefits exist, either by design or unintentionally, in all assessment districts and that a portion of the program costs must be considered attributable to general benefits and assigned a value. General benefits cannot be funded by assessment revenues. General benefits might be conferred on parcels within the District, or "spillover" onto parcels surrounding the District, or to the public at large who might be passing through the District with no intention of transacting business or residing within the District or interest in the District itself. Empirical assessment engineering analysis throughout California has found that general benefits within a given similar special benefit district tend to range from 1-5% of the total costs.

There are three methods that have been used by the Downtown Santa Rosa CBD Assessment Engineer for determining general and special benefit values within assessment districts:

- (1) The parcel by parcel allocation method*
- (2) The program/activity line item allocation method, and*
- (3) The composite district overlay determinant method.*

A majority of CBDs in California for which the Assessment Engineer has provided assessment engineering services since the enactment of Proposition 218, have used Method #3, the composite district overlay determinant method which will be used for this CBD. This method of computing the value of general benefit involves a composite of three distinct types of general benefit – general benefit to assessed parcels within the District, general benefit to the public at large within the District and general benefit to parcels outside the District.

Downtown Santa Rosa CBD Programs and Improvements:

The total special and general benefit program activities and budget allocations that will be provided to each individual parcel assessed in the proposed Downtown Santa Rosa CBD are shown in the chart below:

Table 4-A

Total Year 1 – 2018 -19 Special + General Benefit Costs

Service	YR 1 - 2018 Assessment Costs	YR 1 - 2018 Non-Assessment Costs	YR 1 - 2018 Total Costs	% of Total
Sidewalk Operations/Civil Sidewalks	\$350,000	\$7,143	357,143	100%
District Identity	\$50,000	\$1,020	51,020	"
Parking & Mobility	\$40,000	\$816	40,816	"
Administration	\$75,000	\$1,531	76,531	"
Contingency	\$18,645	\$380	19,025	"
Total	\$533,645.00	\$10,891.00	\$544,536.00	100%

All program costs associated with general benefits will be derived from sources or credits other than CBD assessments. Sample "other" revenue sources can be derived from special events, grants, volunteer hours and must simply equal a total of \$ 10,891 per year which would equal the general benefit cost of 2% of the computed total CBD cost of \$ 533,645.00 from the Table above. Here, program costs are spread among property variables that are common to each parcel include linear frontage, lot or parcel size and building square footage, and residential condominium parcels. Assessed valuation cannot be used as the basis for revenue generation in the state of California since Proposition 13 sets the assessed valuation at the time of purchase of the parcel, therefore adjacent parcels may be similar in size, but have different assessed valuations. We must therefore spread the assessments among the consistent factors of each parcel, based upon 2018 data.

Benefit Zones:

State law and the State constitution, Article XIID require that special assessments be levied according to the special benefit each individual parcel receives. There are four benefit zones in the proposed Downtown Santa Rosa CBD.

Table 4-B

Assessable Data in the Downtown Santa Rosa CBD:

Benefit Zone	Building Sq. Ft.	Lot SF	Linear frontage	Parking Spaces
1	1,008,496	761,979	10,183	
2	657,826	914,664	13,181	
3	673,158	735,369	6,033	
4	n/a	n/a	n/a	3,210
Total	2,339,480	2,412,012	29,399	3,210

Assessment District Revenue Generation in Fiscal Year 2018-19 from each assessable property variable:

Table 4 - C

Property Variable	Total Revenue Generated	Percentage of budget
Building Sq. Ft.	\$ 301,214.16	56%
Lot Sq. Ft.	\$ 33,532.86	6%
Linear Frontage	\$ 83,338.50	16%
Parking Spaces	\$ 115,560.00	22%
Total	\$ 533,645.52	100%

This breakdown of property variables funding specific services has proven to be the most proportional manner in which to fund services to the benefitting parcel owners.

Amount of Assessment Generated by Benefit Zone in the Downtown Santa Rosa CBD:

Table 4 - D

Benefit Zone	Amount Generated	Percentage of Annual Budget
1	\$200,224	38%
2	\$123,619	23%
3	\$94,242	18%
4	\$115,560	21%
Total	\$533,645	100%

Annual Costs per property variable and Benefit Zone, first year, FY 2018-19

Table 4 - E

Benefit Zone	Building Square Footage Annual Cost	Lot Size Annual Cost	Linear Frontage Annual Cost	Parking Space Annual Cost
1	\$0.14	\$0.02	\$4.30	
2	\$0.10	\$0.02	\$3.00	
3	\$0.14	\$0	\$0	
4	\$0	\$0	\$0	\$36.00

Explanation of Costs

Benefit Zone 1 parcels will be assessed the highest amount since they will have the highest frequency of Sidewalk Operations/Civil Sidewalks services due to the amount of foot traffic in and around the parcels near Courthouse Square. Courthouse Square is the core of the district and holds the greatest concentration of retail, professional services, entertainment, restaurants and office in the district. These parcels will benefit the most from the CBD services, therefore their assessments have been set to fund the costs of services to these parcels.

Benefit Zone 2 parcels are on the periphery of Downtown but hold the greatest opportunity for new high density development and parking garages. Their assessments have been set to fund the services anticipated to be required for these peripheral parcels. They will pay a lower assessment for building and linear frontage due to the lower benefit anticipated from marketing and promotion and the lower frequency of sidewalk operations services.

Benefit Zone 3 parcels include Simon Properties (mall) and the adjacent older retail buildings along Morgan Street and the 101 freeway. It is anticipated that these properties will be converted or re-purposed in the next few years. Under the Benefit Zone 3 methodology, at this time, their building square footage will only be assessed for marketing, promotions, public space development in and around Courthouse Square and ensuring that the parcels surrounding the mall properties remain dynamic, clean, orderly and activated. Their lot size and linear frontage will not be assessed since they maintain their linear frontages and the majority of their lot size is dedicated to surface or structured parking lots to serve the mall and their customers.

If and when these buildings are redeveloped, they will be converted to Benefit Zone 1 properties based upon the costs and level of services related to this benefit zone.

Benefit Zone 4 parcels consist of all of the City owned parking structures and surface lots within the boundaries of the Downtown Santa Rosa CBD. Each space will be assessed \$3.00 per month or \$36.00 per year to fund activities that promote the overall Downtown parcels as well as drive demand to Downtown and increase the usage of Downtown parking lots and structures.

Linear Frontage Defined:

Individual parcels will be assessed for all sides of each parcel fronting on a public street. Alley frontage is not assessed. Each side of the parcel (excluding alley areas) will receive Sidewalk Operations/Civil Sidewalks special benefit services based upon the frequency of services articulated in this plan, linear front footage data was obtained from the County Assessor’s parcel maps.

Building Square Footage Defined:

Building square footage is defined as gross building square footage throughout the Downtown Santa Rosa CBD. The percentage of building square footage that is dedicated to private or internal tenant parking needs may be deducted from the gross building square footage. Only parking structures’ building square footage that are open to the public and charge fees to the general public on a regular basis will have their building square footage assessed as any other commercial building. Apartment buildings within the boundaries of the Downtown Santa Rosa CBD will be assessed as commercial buildings since there is a landlord/tenant relationship in that property.

Lot Square Footage Defined:

Lot square footage is defined as the total amount of area within the borders of the parcel. The lot square footage of a parcel has been verified by the County Assessor’s parcel maps.

Commercial Condominium Parcels Defined:

Ground floor commercial condominiums will be treated as independent “mini” commercial buildings and assessed based on their actual building square footage, the footprint of land they cover or lot size of the commercial condominium, and the amount of direct primary street frontage on the exterior of the building. Ground floor commercial condominiums will pay 100% of the special benefits for the assessment, based upon which benefit zone they are within.

City Owned Parking Spaces Defined: City owned parking lots and structured parking spaces are identified on the map as Benefit Zone 4 parcels. If and when these parking structures or lots are redeveloped, they will be included in Benefit Zone 1 or 2 properties based upon the costs and level of services related to this benefit zone. Their location in Downtown will determine if these redeveloped parcels will be in Benefit Zone 1 or 2.

Future Residential Condominium Unit Parcels Defined:

Future residential condominium units building square footage is defined as the livable building square footage within the walls of the condominium residential unit parcel. They are included in a special category to designate their unique special benefits relative to the other commercial parcels within the Downtown Santa Rosa CBD. Unlike the other commercial parcels in the district, including commercially operated apartment buildings, residential condominium parcels are assessed for building square footage only, and are not assessed for linear frontage and lot square footage.

Future residential condominium individually assessed parcels are assessed as a separate category. These future residential condominium individual parcels will be assessed *for their building square footage only at the rate of \$0.20 per square foot per year, commencing the first year of their completion.* The rationale for assessing future residential condominiums only for the building square footage rate is provided below.

Residential condominium parcels are assessed differently than multi-unit, for-rent apartment buildings, due to the frequency of special benefit services required by each parcel as described below. The multi-unit apartment buildings are commercial properties in which the tenant and landlord have an economic relationship as opposed to residential condominium buildings where individual property owners own separate “air space parcels” on a single floor. Future residential apartment buildings can be bought or sold just as like commercial buildings whereas residential condominium individual units are separately owned and must be individually bought and sold.

Distinctions between residential apartment buildings with tenants and residential condominium building with individual parcel owners are as follows:

1. *The Davis Sterling Act establishes rules and regulations for residential condominium owners based upon “separate interests” (i.e. ownership rights), as opposed to renters who only have a possessory interest.*
2. *Generally, residential condominium unit owners demonstrate greater care for their property and concerns about quality of life issues due to their investment in real estate.*
3. *Residential owners and have the right to vote in a Proposition 218 hearing, tenants do not have that right.*
4. *Residential condominium owners are required to contribute to legally established Homeowners Associations to oversee building maintenance, tenants are not.*
5. *Residential tenants may have their dwelling units sold or have their rent raised arbitrarily due the lack of ownership of their residential units.*

The assessment methodology has been written to confer special benefits to future residential condominium individual assessed parcels since future residential condominium owners have unique investment backed expectations about the care and maintenance of the building and its surroundings compared to the interest of residential tenants who have a possessory not an ownership interest. The future residential condominiums’ special assessment methodology ensures that a fund will be established to maintain high levels of special benefit services that apply directly and proportional to the blocks that demand virtually seven days per week, 365 days per year special benefits.

Exemptions or Reductions in Rates:

Under this Management Plan and consistent with Proposition 218 and Article XIII (D) of the State Constitution, no parcel receiving special benefit for the establishment of a property assessment district shall be exempted from payment. This Plan acknowledges the financial impact that CBD assessments may have on various land uses within the boundaries of the District. Therefore,

affordable housing building square footage is exempt from the building mass in the calculation of assessments for that property. If and when an affordable housing component is relocated out of the District or converted, that building square footage will be fully assessed consistent with Benefit Zone 1 or 2 as outlined in this Plan.

Calculation of Assessments:

The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the improvement or the maintenance and operation expenses of an improvement or for the cost of property service being provided. Per California Constitution Article XIII D, Section 2(i), "Special Benefit," means a particular and distinct benefit over and above general benefits conferred on a real property located in the district or to the public at large. No assessment will be imposed on any parcel that exceeds the reasonable cost of the proportional special benefits conferred upon that parcel. Only special benefits are assessable and these benefits must be separated from any general benefits. Properties are assessed as defined on the County Assessor's most current parcel maps. The preceding methodology is applied to the database of parcels within the District. The process for compiling the property database includes the following steps:

- A report was generated from data obtained from the Sonoma County Tax Assessors office.
- A list of properties to be included within the District is provided in Section 7.

Parcel Assessment Calculation

The annual assessment method to calculate all parcels and ground floor commercial condominiums for Benefit Zone 1 will be:

$$\begin{aligned} & \text{Total Street Frontage X \$4.30 per foot} \\ & \quad + \\ & \text{Total Lot Square Footage X \$0.02 per square foot} \\ & \quad + \\ & \text{Total Building Square footage X \$0.14 per square foot} \\ & \quad = \\ & \text{TOTAL PARCEL ASSESSMENT} \end{aligned}$$

The annual assessment method to calculate all parcels and ground floor commercial condominiums for Benefit Zone 2 will be:

$$\begin{aligned} & \text{Total Street Frontage X \$3.00 per foot} \\ & \quad + \\ & \text{Total Lot Square Footage X \$0.02 per square foot} \\ & \quad + \\ & \text{Total Building Square footage X \$0.10 per square foot} \\ & \quad = \\ & \text{TOTAL PARCEL ASSESSMENT} \end{aligned}$$

The annual assessment method to calculate all parcels in Benefit Zone 3 will be:

$$\begin{aligned} &\text{Total Building Square Footage X \$0.14 per foot} \\ &= \\ &\text{TOTAL PARCEL ASSESSMENT} \end{aligned}$$

The annual assessment method to calculate all parking spaces for Benefit Zone 4 will be:

$$\begin{aligned} &\text{Parking Space X \$36.00 per space} \\ &= \\ &\text{TOTAL PARCEL ASSESSMENT} \end{aligned}$$

Residential Condominium Assessment:

The annual assessment method for a residential condominium once they are built, regardless of Benefit Zone will be:

$$\begin{aligned} &\text{Total Residential Unit Building Square footage X \$0.20 per Square Foot} = \\ & \\ &\text{TOTAL RESIDENTIAL CONDOMINIUM UNIT ASSESSMENT} \end{aligned}$$

Future Development:

As a result of continued new development, the Downtown Santa Rosa CBD will experience the addition or subtraction of assessable commercial buildings or the conversion of vacant parcels into new commercial and residential or buildings and units. The Management District Plan assessment methodology will reflect any and all land use changes in the District with annual adjustments being submitted to the City, as these assessment calculation and property variable alterations occur.

Maximum Assessment:

Assessments may be subject to annual increases not to exceed 5% per year. Increases will be determined by the CBD District Management Corporation and will vary between 0% and 5% in any given year. The maximum the assessments may be increased is 5% over the previous fiscal year's base assessments. The absence of increase in any given year does not give the District Management Corporation the authority to accumulate increases above 5% in any successive year. The following projections illustrate a potential 5% annual increase.

Table 4 - F
Maximum Assessments by Property Variable

Projected Assessment Benefit Zone 1	FY 1	FY 2	FY 3	FY 4	FY 5
Linear Frontage	\$4.30000	\$4.51500	\$4.74075	\$4.97779	\$5.22668
Building Sq. Ft.	\$0.14000	\$0.14700	\$0.15435	\$0.16207	\$0.17017
Lot Square Footage	\$0.02000	\$0.02100	\$0.02205	\$0.02315	\$0.02431

Projected Assessment Benefit Zone 1	FY 6	FY 7	FY 8	FY9	FY 10
Linear Frontage	\$5.4880	\$5.7624	\$6.0505	\$6.3531	\$6.6707
Building Sq. Ft.	\$0.17868	\$0.18761	\$0.19699	\$0.20684	\$0.21719
Lot Square Footage	\$0.02553	\$0.02680	\$0.02814	\$0.02955	\$0.03103

Projected Assessment Benefit Zone 2	FY 1	FY 2	FY 3	FY 4	FY 5
Linear Frontage	\$3.00000	\$3.15000	\$3.30750	\$3.47288	\$3.64652
Building Sq. Ft.	\$0.10000	\$0.10500	\$0.11025	\$0.11576	\$0.12155
Lot Square Footage	\$0.02000	\$0.02100	\$0.02205	\$0.02315	\$0.02431

Projected Assessment Benefit Zone 2	FY 6	FY 7	FY 8	FY9	FY 10
Linear Frontage	\$3.82884	\$4.02029	\$4.22130	\$4.43237	\$4.65398
Building Sq. Ft.	\$0.12763	\$0.13401	\$0.14071	\$0.14775	\$0.15513
Lot Square Footage	\$0.02553	\$0.02680	\$0.02814	\$0.02955	\$0.03103

Projected Assessment Benefit Zone 3	FY 1	FY 2	FY 3	FY 4	FY 5
Building Sq. Ft.	\$0.14000	\$0.14700	\$0.15435	\$0.16207	\$0.17017

Projected Assessment Benefit Zone 3	FY 6	FY 7	FY 8	FY9	FY 10
Building Sq. Ft.	\$0.17868	\$0.18761	\$0.19699	\$0.20684	\$0.21719

Projected Assessment Benefit Zone 4	FY 1	FY 2	FY 3	FY 4	FY 5
Per Parking Space	\$36.00000	\$37.80000	\$39.69000	\$41.67450	\$43.75823

Projected Assessment Benefit Zone 4	FY 6	FY 7	FY 8	FY9	FY 10
Per Parking Space .	\$45,93	\$48.23	\$50.64	\$53.17	\$55,83

Budget Adjustments:

Annual budget surpluses, if any, will be rolled into the following year’s budget. Assessments will be set annually. Revenues from delinquent accounts may be expended in the year they are received.

Time and Manner for Collecting Assessments:

In September 2018, the Downtown Santa Rosa CBD assessments will appear as a separate line item on annual property tax bills prepared by the County of Sonoma. The assessments are collected at the same time and in the same manner as ad valorem property taxes paid to the County of Sonoma. The assessments have the same lien priority and penalties for delinquent payment as the ad valorem property taxes.

Disestablishment:

California Streets and Highways Code section 36670 provides for the disestablishment of a District. Provisions for annual disestablishment of the District are provided for in Article 2, Chapter 14 of the local Santa Rosa CBD ordinance. Property owners dissatisfied with the results, management or quality of the services may petition the City Council to disestablish the District, in the same method in which they petitioned the City Council to establish it.

Section 36670 states:

(b) The city council shall adopt a resolution of intention to disestablish the district prior to the public hearing required by this section. The resolution shall state the reason for the disestablishment, shall state the time and place of the public hearing, and shall contain a proposal to dispose of any assets acquired with the revenues of the assessments levied within the property and business improvement district. The notice of the hearing on disestablishment required by this section shall be given by mail to the property owner of each parcel or to the owner of each business subject to assessment in the district, as appropriate. The city shall conduct the public hearing not less than 30 days after mailing the notice to the property or business owners. The public hearing shall be held not more than 60 days after the adoption of the resolution of intention.

Unexpended surplus funds will be returned to property owners based upon each property owner’s percentage contribution to the previous fiscal year’s assessments.

Government Assessments:

The Downtown Santa Rosa CBD Management Plan assumes that the City of Santa Rosa will pay assessments for the public property they own within the boundaries of the District as per the methodology within this plan. Article XIII D, Section 4 of the California Constitution was added in November of 1996 to provide that the City is not exempt from such assessments.

Parcels owned by the City of Santa Rosa, the Successor Agency to the Redevelopment Agency of the City of Santa Rosa, and the Housing Authority of the City of Santa Rosa receive benefits

commensurate with the sidewalk operations/civil sidewalks, district identity, administration and contingency assessments paid. These publicly owned parcels are presumed to benefit equally to the privately owned parcels for the special benefits provided.

Table 4 - G
Government Owned Parcels in the Downtown Santa Rosa CBD

APN	Legal Owner	BZ	Site #	Site Street	Annual Assessment	Percent
009-012-025-000	CITY OF SANTA ROSA	4	730	5th Street	\$ 2,664.00	0.50%
009-013-011-000	CITY OF SANTA ROSA	4	637	3RD ST	\$ 3,528.00	0.66%
009-013-012-000	CITY OF SANTA ROSA	4	625	3RD ST	\$ 3,564.00	0.67%
009-014-016-000	CITY OF SANTA ROSA	2	741	3RD ST	\$ 1,261.16	0.24%
009-014-017-000	CITY OF SANTA ROSA	2	758	4TH ST	\$ 1,793.72	0.34%
009-015-004-000	CITY OF SANTA ROSA	1		OLD COURTHOUSE SQUARE	\$ 4,275.84	0.80%
009-016-001-000	CITY OF SANTA ROSA	1	69	OLD COURTHOUSE	\$ 4,287.72	0.80%
009-021-011-000	CITY OF SANTA ROSA	4	735	5TH ST	\$ 24,840.00	4.65%
009-024-046-000	CITY OF SANTA ROSA	4	615	7th Street	\$ 792.00	0.15%
009-072-044-000	CITY OF SANTA ROSA	4	730	3RD ST	\$ 4,068.00	0.76%
009-073-016-000	CITY OF SANTA ROSA	4	97-117	D ST	\$ 15,840.00	2.97%
009-073-018-000	CITY OF SANTA ROSA	2	655	1ST ST	\$ 3,552.08	0.67%
009-073-019-000	CITY OF SANTA ROSA	2	631	1ST ST	\$ 700.60	0.13%
009-073-020-000	CITY OF SANTA ROSA	2	631	1ST ST	\$ 463.32	0.09%
009-073-021-000	CITY OF SANTA ROSA	2	631	1ST ST	\$ 251.10	0.05%
009-073-022-000	CITY OF SANTA ROSA	2	631	1ST ST	\$ 251.10	0.05%
009-073-023-000	CITY OF SANTA ROSA	2	90	SANTA ROSA AVE	\$ 2,809.80	0.53%
010-035-033-000	CITY OF SANTA ROSA	4	521	7th	\$ 27,000.00	5.06%
010-045-025-000	CITY OF SANTA ROSA	4	521	5th Street	\$ 5,040.00	0.94%
010-053-028-000	CITY OF SANTA ROSA	4	735	5TH ST	\$ 2,304.00	0.43%
010-066-016-000	CITY OF SANTA ROSA	4	555	1st St	\$ 25,920.00	4.86%
010-068-010-000	CITY OF SANTA ROSA	2	458	1ST ST	\$ 959.78	0.18%
010-068-018-000	CITY OF SANTA ROSA	2		1ST ST	\$ 900.52	0.17%
					\$ 137,066.74	25.68%

The engineers report shall specify the formation costs eligible for recovery through assessments, the schedule for recovery of those costs, and the basis for determining the amount of the additional assessment for recovery of costs, including the maximum amount of the additional assessment, expressed either as a dollar amount, or as a percentage of the underlying assessment.

Section 5

District Rules and Regulations and Governance

There are no specific rules and regulations prescribed for the proposed Downtown Santa Rosa Community Benefit District Management Corporation except that it will adhere to the open meeting and open records provisions of the Ralph M. Brown Act and will seek to be as open and transparent to the CBD assesses and the public at large as is reasonably possible.

Pursuant to Article V and Section 36650 of the California Streets and Highway Code, a District Management Corporation or Owners' Association, will review District budgets and policies annually within the limitations of the Management District Plan. The Management Corporation will file Annual Reports with the City of Santa Rosa and will oversee the day-to-day implementation of services as defined in the Management District Plan.

"[O]wners' association" means a private nonprofit entity that is under contract with a city to administer or implement activities and improvements specified in the management district plan. An owners' association may be an existing nonprofit entity or a newly formed nonprofit entity. An owners' association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose. (Sts. & Hy. Code § 36612.)

Bonds:

The District will not issue any bonds related to any program.

Section 6

Implementation Timetable

The Downtown Santa Rosa CBD is expected to be established and begin assessing benefiting parcels as of fiscal year 2018-19. Due to the timing of revenue collection and the need to establish the Owners' Association or District Management Corporation, implementation of the Management District Plan and the delivery of services is scheduled to commence in or around the fall of 2018. Consistent with Article V, the Downtown Santa Rosa CBD will exist in perpetuity until such time that the property owners believe that assessments to fund special benefits are no longer needed.

Section 7

Assessment Roll of Properties Included

APN	Annual Assessment		
009-011-001-000	\$1,455.82	009-025-006-000	\$439.60
009-011-002-000	\$1,391.18	009-025-011-000	\$1,208.60
009-011-005-000	\$3,655.20	009-025-015-000	\$1,197.00
009-011-006-000	\$1,172.04	009-025-017-000	\$1,244.20
009-011-007-000	\$812.00	009-025-018-000	\$5,974.38
009-011-008-000	\$350.24	009-026-005-000	\$1,603.60
009-011-009-000	\$625.40	009-026-006-000	\$1,864.08
009-011-010-000	\$1,222.84	009-026-008-000	\$5,694.98
009-011-011-000	\$564.70	009-026-009-000	\$1,648.00
009-011-012-000	\$2,398.72	009-026-010-000	\$645.00
009-011-013-000	\$2,410.90	009-026-011-000	\$1,230.20
009-011-014-000	\$4,058.50	009-026-012-000	\$2,052.00
009-011-015-000	\$928.90	009-026-013-000	\$2,072.78
009-012-002-000	\$1,804.70	009-026-014-000	\$322.68
009-012-011-000	\$3,648.28	009-052-028-000	\$954.20
009-012-015-000	\$1,091.20	009-052-047-000	\$1,595.00
009-012-017-000	\$1,583.54	009-054-031-000	\$1,822.94
009-012-019-000	\$1,644.82	009-054-033-000	\$2,628.50
009-012-021-000	\$1,224.28	009-055-003-000	\$287.82
009-012-025-000	\$2,664.00	009-055-004-000	\$517.22
009-012-026-000	\$1,190.00	009-055-005-000	\$1,018.44
009-013-001-000	\$3,003.58	009-055-007-000	\$2,134.40
009-013-002-000	\$1,477.60	009-055-012-000	\$574.90
009-013-006-000	\$2,400.22	009-055-013-000	\$2,848.88
009-013-009-000	\$962.22	009-055-016-000	\$367.60
009-013-011-000	\$3,528.00	009-055-017-000	\$401.66
009-013-012-000	\$3,564.00	009-056-001-000	\$1,079.40
009-013-013-000	\$11,041.20	009-056-003-000	\$414.40
009-013-014-000	\$832.96	009-056-004-000	\$1,257.14
009-013-015-000	\$919.40	009-056-005-000	\$1,752.20
009-014-011-000	\$931.16	009-061-045-000	\$461.70
009-014-012-000	\$11,283.72	009-061-046-000	\$1,374.20
009-014-016-000	\$1,261.16	009-061-047-000	\$1,004.20
009-014-017-000	\$1,793.72	009-062-053-000	\$3,291.72
009-015-004-000	\$4,275.84	009-063-028-000	\$1,152.60
009-016-001-000	\$4,287.72	009-063-029-000	\$1,046.20
009-021-011-000	\$24,840.00	009-071-020-000	\$7,267.58
009-023-009-000	\$3,246.00	009-071-023-000	\$2,927.22
009-023-022-000	\$2,635.00	009-071-025-000	\$1,496.64
009-024-046-000	\$792.00	009-071-026-000	\$4,298.74
009-024-047-000	\$1,728.70	009-071-027-000	\$1,679.52
009-025-004-000	\$792.00	009-071-028-000	\$1,768.44
		009-072-039-000	\$1,376.60
		009-072-040-000	\$698.70

009-072-041-000	\$723.20	010-053-032-000	\$782.40
009-072-042-000	\$770.90	010-053-033-000	\$2,587.20
009-072-043-000	\$786.80	010-053-034-000	\$5,816.74
009-072-044-000	\$4,068.00	010-056-004-000	\$3,011.60
009-072-045-000	\$1,412.72	010-056-005-000	\$608.16
009-073-013-000	\$6,752.68	010-056-006-000	\$2,416.00
009-073-016-000	\$15,840.00	010-056-014-000	\$5,477.52
009-073-018-000	\$3,552.08	010-056-015-000	\$777.50
009-073-019-000	\$700.60	010-056-016-000	\$3,458.66
009-073-020-000	\$463.32	010-056-019-000	\$544.64
009-073-021-000	\$251.10	010-056-020-000	\$1,993.54
009-073-022-000	\$251.10	010-063-014-000	\$2,949.44
009-073-023-000	\$2,809.80	010-063-019-000	\$4,923.80
010-035-026-000	\$1,368.62	010-063-025-000	\$3,384.38
010-035-033-000	\$27,000.00	010-063-027-000	\$10,431.42
010-035-036-000	\$1,239.60	010-063-029-000	\$0.00
010-044-008-000	\$2,809.30	010-063-030-000	\$903.00
010-044-010-000	\$593.56	010-066-015-000	\$10,130.92
010-044-015-000	\$963.64	010-066-016-000	\$25,920.00
010-044-019-000	\$6,203.00	010-066-017-000	\$7,597.76
010-045-004-000	\$2,257.22	010-068-010-000	\$959.78
010-045-005-000	\$4,839.44	010-068-013-000	\$3,022.66
010-045-006-000	\$3,632.20	010-068-018-000	\$900.52
010-045-008-000	\$1,373.40	010-068-019-000	\$4,948.42
010-045-009-000	\$1,568.12	010-068-020-000	\$8,036.50
010-045-010-000	\$4,655.40	010-068-021-000	\$757.94
010-045-011-000	\$145.60	010-069-005-000	\$771.52
010-045-022-000	\$1,263.10	010-069-006-000	\$558.88
010-045-025-000	\$5,040.00	010-202-016-000	\$314.54
010-045-027-000	\$7,368.92	010-202-039-000	\$1,212.18
010-053-009-000	\$4,360.86	010-660-001-000	\$61,837.72
010-053-013-000	\$1,316.00	010-660-002-000	\$0.00
010-053-014-000	\$712.18	010-660-003-000	\$19,223.68
010-053-022-000	\$686.00	010-660-004-000	\$0.00
010-053-024-000	\$3,208.00	010-660-005-000	\$13,180.72
010-053-028-000	\$2,304.00		
010-053-030-000	\$1,316.00		
010-053-031-000	\$1,410.00		

EXHIBIT B

ORDINANCE NO. ORD-2018-004

ORDINANCE OF THE COUNCIL OF THE CITY OF SANTA ROSA, ADDING ARTICLE V TO CHAPTER 6-56 OF THE SANTA ROSA CITY CODE RELATING TO THE ESTABLISHMENT OF COMMUNITY BENEFIT DISTRICTS

THE PEOPLE OF THE CITY OF SANTA ROSA DO ENACT AS FOLLOWS:

Section 1. Findings and Purpose.

(A) Section 3 of the Santa Rosa City Charter provides that, except as prohibited by the state constitution or restricted by the City Charter, the City shall have all powers and privileges that may be exercised by a charter city.

(B) Pursuant to Article XI, Section 5 of the California Constitution, a charter city may make and enforce all ordinances and regulations in respect to municipal affairs, subject only to restrictions and limitations provided in its charter.

(C) The creation of assessment districts to fund services of a local nature is a quintessential municipal affair, and no specific statutory authority is required for the creation of such assessment districts by a charter city.

(D) The purpose of this Article is to enhance the ability of the City and businesses therein to establish property and business improvement districts pursuant to the Property and Business Improvement District Law of 1994, *Streets and Highways Code* sections 36600, *et seq.*

Section 2. Article V is hereby added to Chapter 6-56 of the Santa Rosa City Code to read as follows:

“Article V. Community Benefit Districts

6-56.430 Alternative Procedures.

(A) The procedures established in this Article shall be additional or alternative to any other procedure established by ordinance or state law, and are intended to supplement those procedures.

(B) In forming assessment districts to fund activities and improvements that confer a special benefit on property, the City Council may elect to use the procedures set forth in the Property and Business Improvement District Law of 1994 (*Streets & Highways Code* §§ 36600 *et seq.* (the “PBID Law”) as modified by this Article. The City Council shall be bound by, and comply with, applicable state law governing the establishment and operation of property and business improvement districts in all respects not inconsistent with this Article. In the event of inconsistent provisions of this Article and those of the PBID Law, the provisions in this Article shall prevail.

(C) An assessment district established pursuant to this Article shall be denominated a “Community Benefit District” or “district” and the assessment levied in connection with such a district shall be denominated a “community benefit assessment.”

(D) Except where otherwise provided in this Article, “Community Benefit District” shall have the meaning given to “Property and Business Improvement District” by Section 36611 of the PBID Law and each reference in the PBID Law to a “property and business improvement district” or a “district” shall be deemed also a reference to a “Community Benefit District.”

(E) Except where otherwise provided in this Article, “community benefit assessment” shall have the meaning given to “assessment” by Section 36606 of the PBID Law and each reference in the PBID Law to an “assessment” shall be deemed also a reference to a “Community Benefit District.”

6-56.440 Establishment of District.

The City Council may establish Community Benefit Districts and levy assessments in connection with such Districts pursuant to this Article.

6-56.450 Relationship of Assessments to Zoning.

Notwithstanding the requirements of Section 36632 of the PBID Law, any parcel of real property, regardless of the zoning of such parcel, may be included in a Community Benefit District and subject to an assessment in connection therewith, so long as such parcel specially benefits from the services and improvements funded by that District.

6-56.460 Assessment Against Real Property.

Only assessments against real property may be levied in connection with a Community Benefit District.

6-56.470 Initiation of Proceedings.

In lieu of the requirements of Section 36621(a) of the PBID Law, the City Council may initiate proceedings to form a Community Benefit District upon the submission of a written petition, signed by property owners in the proposed District who will pay more than thirty percent of the assessments proposed to be levied in connection with such District. The amount of assessment attributable to property owned by the same property owner that is in excess of twenty 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 thirty percent of the total amount of assessments proposed to be levied.

6-56.480 Formation Costs.

If so provided in the engineer’s report for a Community Benefit District, the assessment levied in connection with such a District may include amounts sufficient to recover the costs

incurred in forming the District, including:

(A) The costs of preparation of the management plan and engineer's report required by state law; and

(B) The cost of preparing, circulating and submitting the petition to the City Council seeking establishment of the District; and

(C) The costs of printing, advertising and the giving of published, posted or mailed notices; and

(D) Compensation of any consultant, engineer or attorney employed to render services in proceedings under this Article or the PBID Law; and

(E) Costs incurred by the City for public hearings, notices, ballots and other proceedings required by law for approval of a new or increased assessment.

The engineers report shall specify the formation costs eligible for recovery through assessments, the schedule for recovery of those costs, and the basis for determining the amount of the additional assessment for recovery of costs, including the maximum amount of the additional assessment, expressed either as a dollar amount, or as a percentage of the underlying assessment.

6-56.490 Advancement of Costs.

The City Council may, in the resolution of intention for a Community Benefit District, provide that if the District is established, funds may be advanced from the City's general fund to permit the operation of the District prior to the City's collection of the assessment. Such advance shall occur only after the establishment of the District, and no advance shall be made if the District is not established. Any such advance may not exceed the total anticipated assessment proceeds for the first year of the assessment. Any such advance must be recovered from assessment proceeds as provided in the Resolution of Intention, along with interest calculated at a rate set forth in the Resolution of Intention. The duration of any such advance shall not exceed five years.

6-56.500 Duration.

The duration of a new Community Benefit District shall be no greater than specified in the Resolution of Intention for the District. This Section is intended to supplant any shorter limitation set forth in the PBID Law on the duration of assessments levied in connection with an assessment district.

6-56.510 Renewal.

A Community Benefit District may be renewed for a period of not to exceed twenty additional years by following the procedures set forth in the PBID Law.

6-56.520 Disestablishment.

The City Council may, on its own initiative, at any time, adopt a resolution of intention to disestablish a Community Benefit District and shall adopt a such a resolution if, during the annual thirty-day period set forth in Section 36670(a)(2) of the PBID Law, the City Council receives a written petition requesting disestablishment signed by property owners who pay more than thirty percent of the assessments levied in connection with the District. This Section provides an alternative method for the initiation of proceedings to disestablish a Community Benefit District and shall not be interpreted to preempt the existence of other methods set forth in Section 36670 of the PBID Law. A resolution of intention adopted pursuant to this Section shall have the same effect, and trigger the same notice and hearing requirements, as a resolution of intention otherwise adopted pursuant to Section 36670 of the PBID Law.

6-56.530 Validity.

As provided under Section 36633 of the PBID Law, the validity of an assessment levied under this Article shall not be contested in any action or proceeding unless the action or proceeding is commenced within 30 days after the resolution levying the assessment is adopted. Any appeal from a final judgment in an action or proceeding shall be perfected within 30 days after the entry of judgment.”

Section 3. Environmental Determination. The Council finds that the adoption and implementation of this ordinance are exempt from the provisions of the California Environmental Quality Act under section 15061(b)(3) in that the Council finds there is no possibility that the implementation of this ordinance may have significant effects on the environment. Furthermore, this activity is not a project under CEQA as defined in CEQA Guidelines section 15378 (b)(4) because it adopts a method by which to create government funding mechanisms or constitutes other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

Section 4. Severability. If any section, subsection, sentence, clause, phrase or word of this ordinance is for any reason held to be invalid and/or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance.

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Section 5. Effective Date. This ordinance shall take effect on the 31st day following its adoption.

This ordinance was introduced by the Council of the City of Santa Rosa on March 13, 2018.

IN COUNCIL DULY PASSED this 20th day of March, 2018.

AYES: (6) Mayor Coursey, Vice Mayor Rogers, Council Members Combs, Olivares, Sawyer, Schwedhelm

NOES: (0)

ABSENT: (1) Council Member Tibbetts

ABSTAIN: (0)

ATTEST: _____ APPROVED: _____
City Clerk Mayor

APPROVED AS TO FORM:

City Attorney