

CITY OF SANTA ROSA  
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL

FROM: RAISSA DE LA ROSA, ECONOMIC DEVELOPMENT MANAGER  
PLANNING AND ECONOMIC DEVELOPMENT

SUBJECT: SANTA ROSA DOWNTOWN COMMUNITY BENEFIT DISTRICT  
RESOLUTION OF INTENTION

AGENDA ACTION: RESOLUTION

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RECOMMENDATION

It is recommended by the Planning and Economic Development Department that the Council, by resolution, take the following actions related to the proposed Community Benefit District:

1. Receive and file the Santa Rosa Downtown Community Benefit District petition results; and
  2. Adopt a Resolution of Intention to form the Downtown Santa Rosa CBD authorizing the City Manager to sign the petition and forthcoming ballot, set in motion the balloting, schedule the public hearing for July 24, 2018, approve the Management District Plan and Engineer's Report, and direct the City Clerk to mail ballots to the proposed CBD property owners.
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EXECUTIVE SUMMARY

Ordinance No. 2018-004 enabling the establishment of Community Benefit Districts (CBD) by adding Article V to Chapter 6-56 of the Santa Rosa City Code, was introduced at the March 13, 2018, Council meeting by a unanimous vote, and adopted on March 20, 2018. Subsequently, in an effort to establish the first CBD, a petition, cover letter, summary management District Plan (MDP) and return envelope was mailed in late April to Courthouse Square area property owners within a pre-determined area roughly encompassing 25 square blocks between Morgan Street to Brookwood Avenue, and First Street to Seventh Street.

Per the local enabling ordinance, owners of at least 30% of the total assessments of the defined proposed CBD area must submit signed petitions in order for Council to move forward with approval of a Resolution of Intention, balloting and public hearing. The petition return deadline was May 18, 2018, and owners representing the 30% minimum

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requirement of the total assessments have submitted signed petitions in support of the formation of a CBD. This resolution allows the City to receive and file the petitions, and authorizes the City Manager to sign the petition and forthcoming ballot pertaining to City-owned properties. Additionally, the resolution approves the Management District Plan and Assessment Engineer's Report, and sets in motion the next steps in the CBD formation process.

This resolution supports the City Council goal to foster a strong downtown and overall economic development of the community, and City Council priority 1.4 Downtown Housing.

### BACKGROUND

In September 2016, the Coalition to Restore Courthouse Square and the Santa Rosa Chamber of Commerce submitted a memo to the City Manager's Office stating a strong interest in pursuing a business improvement district to manage, program and maintain Courthouse Square and its environs. In early 2017 the Coalition and Chamber morphed into the Downtown Action Organization (DAO), made up of and managed primarily by Courthouse Square area property owners and business leaders within the proposed district, to work with the City to establish this assessment district.

The City of Santa Rosa hired New City America, a company specializing in special benefit district formation and management, in 2017, to work with the DAO and other interested parties to investigate the viability of a new assessment district. After many meetings, a CBD was ultimately recommended over a traditional assessment district formed under the Property and Business District Law of 1994 (California Streets and Highways Code §§ 36600 *et seq.*, aka PBID Law). As long as the enabling ordinance is consistent with the State Constitution, particularly the provisions outlined in Article XIII (d) Proposition 218, the City may establish the new enabling ordinance per its charter authority.

In March 2018, the CBD ordinance was adopted, triggering New City America to mail packets with a cover letter, summary Management District Plan (MDP), petition, and return envelope (Attachment 1) to each property owner within the proposed CBD by late April. The petition return deadline was May 18, 2018. City, Chamber and consultant staff held many meetings and phone conversations with property owners to share facts and answer questions about the proposed CBD. As of May 18, property owners representing the minimum requirement of 30% of the total assessments under the CBD have submitted signed petitions in support of the formation of the CBD (Attachment 2), thus allowing Council to move forward with the Resolution of Intention, balloting, and public hearing.

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PRIOR CITY COUNCIL REVIEW

On March 13, 2018, Ordinance No. 2018-004 enabling the establishment of Community Benefit Districts (CBD) by adding Article V to Chapter 6-56 of the Santa Rosa City Code, was introduced to City Council

On March 22, 2018, the City Council adopted Ordinance No. 2018-004 by unanimous vote

ANALYSIS

The Resolution of Intention to form the Downtown Santa Rosa CBD authorizes the City Manager to sign the petition and forthcoming ballot on behalf of the City of Santa Rosa for the City-owned properties falling within the proposed CBD. In addition, the resolution sets in motion the balloting, schedules the public hearing for July 24, 2018, approves the Management District Plan and Engineer's Report, and directs the City Clerk to mail ballots to the proposed CBD property owners.

If the Downtown Santa Rosa CBD is established, an annual assessment will be collected from each property owner on their county property tax bills beginning with the bill due on December 2018.

The area proposed to be the first Downtown Santa Rosa CBD is comprised of approximately 25 square blocks consisting of 159 parcels owned by 118 property owners, including the City of Santa Rosa, within the rough boundaries of Morgan Street to Brookwood Avenue, and First Street to Seventh Street.

The total first year assessment revenue in the proposed CBD is calculated to be \$533,645.00. The legal property owners or authorized representatives composing a minimum of 30% of the total assessments (\$160,093.50) must have signed and returned the petition to form the Downtown Santa Rosa CBD in order for a resolution of intention to be introduced to Council.

Per the Assessment Engineer's Report (attached to the resolution), there is no set term for the CBD, though the plan and report include the provision that the CBD may be dissolved in the same manner as it was formed. It also establishes the metrics to calculate each parcel's special assessment. Consistent with State law, each parcel is assessed in three ways based upon: 1) linear frontage, 2) building square footage, and 3) lot square footage. A fourth factor is included to address residential condominiums which need special attention as future condominium owners will have partial title tied to one common area parcel as well as their air space. The district map in the Management District Plan indicates with specificity the district boundaries and benefit zones.

There are four general categories of services articulated in the Report, summarized as follows:

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<b>Special Benefit Category</b>	<b>Year 1 Budget</b>	<b>% of Budget</b>
<b>Sidewalk Operations/Civil Sidewalks</b> <i>includes safety, cleanliness, beautification, and the maintenance of an attractive appearance of the District</i>	\$350,000	66%
<b>District Identity/Streetscape Improvements</b> <i>Includes branding and advertising, seasonal decorations and events, art, potential valet service and public space design and development</i>	\$50,000	9%
<b>Parking and Mobility Related</b> <i>Work with City on promotion of city parking structures and ways to maximize on-street parking, accommodate shared parking and look at other forms of mobility within the district and to the rail station</i>	\$40,000	7.5%
<b>Program Management/Administration</b> <i>Staff and administration, insurance, rent, legal, and accounting</i>	\$75,000	14%
<b>Contingency/Reserve</b> <i>Delinquencies, City and County fees, and reserves</i>	\$18,645	3.5%
<b>Total First Year Budget</b>	<b>\$533,645</b>	<b>100%</b>

The Assessment Engineer's Report elaborates on the directly link of the assessments to the services to be rendered, as required by law. The proposed distribution of revenues by service level percentages will remain in place for the life of the District unless amended by another petition and balloting process. There is a cost of living increase provision that provides for up to a 5% annual increase in rates at the discretion of the Management Board.

If approved by City Council, the Resolution of Intention initiates the Proposition 218 balloting process. Ballots will be mailed to each property owner and votes cast are returned to the City Clerk. The ballots will be tabulated at a public hearing scheduled for July 24, 2018. The tabulation is weighted based on the value of the total assessment. The owners of the largest properties, with bigger buildings, greater lot size more street frontage, and their location within a specific benefit zone, will be subject to paying more into the District, and will therefore have their votes count in proportion to what they will pay. A simple majority of the returned weighted ballot is required to form the CBD. The City ballots may be considered in the tabulation of the balloting.

The balloting process defined by State Proposition 218 establishes mandatory time frames between the date of the petition's submittal and the actual voting to allow

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sufficient time for every property owner to return their ballots to the City Clerk. To be effective in fiscal year 2018-19, the process must be completed before the County Assessor's deadline in early August. It is anticipated that the ballots will be finalized and mailed on or just after the adoption of this Resolution of Intention, with at least 45 days between the mailing and the public hearing on July 24, 2018, when the ballots will be counted.

FISCAL IMPACT

Approval of this resolution does not have a direct fiscal impact on the General Fund, however, should the CBD be formed the initial General Fund expenditure would be approximately \$21,507.00 with an anticipated offset over time from an increase in district tax revenues.

ENVIRONMENTAL IMPACT

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 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.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

The Community Benefit District concept, enabling ordinance, and proposed Santa Rosa Downtown Community Benefit District have been presented and discussed in the Downtown Subcommittee of the City Council, but have not been presented or reviewed by the full Council. No action was taken at the subcommittee meetings.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 – Petition Packet  
(cover letter, summary Management District Plan, sample petition)
- Attachment 2 – Signed Petitions
- Ordinance No. 2018-004
- Resolution/Exhibit A (Management Plan/Assessment Engineer's Report)

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CONTACT

Raissa de la Rosa, Economic Development Manager, Planning and Economic  
Department

[rdelarosa@srcity.org](mailto:rdelarosa@srcity.org)

(707) 543-3059