

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL

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

SUBJECT: RESOLUTION FORMING THE SANTA ROSA DOWNTOWN
COMMUNITY BENEFIT DISTRICT AND LEVYING THE
ASSESSMENT IN CONNECTION THEREWITH

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Planning and Economic Development Department that the Council: 1) hold a public hearing to consider oral and written testimony regarding the formation of a community benefit improvement district, and tabulate all assessment ballots returned to the City pursuant to procedures set forth in the Resolution of Intention; and 2) if the assessment balloting does not result in a majority protest, then waive first reading and approve the Resolution Forming the Santa Rosa Downtown Community Benefit District and Levying and Collecting the Assessment in Connection Therewith.

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 packet that included a summary management District Plan (MDP) 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 (District). On May 31, 2018, these same property owners were mailed a ballot packet that included a summary document and notice of public hearing to establish the Santa Rosa Downtown CBD, the assessment ballot pertaining to properties within the district that they own, and a return envelope to return the signed ballot.

RESOLUTION FORMING THE SANTA ROSA DOWNTOWN COMMUNITY BENEFIT DISTRICT AND LEVYING THE ASSESSMENT IN CONNECTION THEREWITH
PAGE 2 OF 5

Per the local enabling ordinance, the ballots must be tabulated at a public hearing and will be weighted based on the value of the parcel assessment to the total assessment. To pass, a simple majority of the ballots returned would need to be in favor of formation in order for Council to approve the Resolution of Formation and levying of assessments.

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

On May 22, 2018, District property owners met the requirements of the CBD Ordinance by submitting qualified petitions requesting the initiation of proceedings to establish the District. A Downtown Santa Rosa Community Benefit District Management District Plan, certified by a qualified District Assessment Engineer, was prepared and submitted to the Santa Rosa City Clerk. This Plan was made available on the City's website and in hard copy at the City Clerk's Office.

On the same date, Council adopted a Resolution of Intention (Council Resolution RES-2018-077) to establish the District. The Resolution of Intention states that the assessment proposed to be levied and collected for Fiscal Year 2018-2019 is \$533,645.00. The amount to be levied and collected for the subsequent years may be increased by a vote of the property owner Board of Directors by an amount not to exceed five (5) percent per year.

The methodology used for the assessment is calculated based on a given property's linear frontage, lot size square footage, and building square footage excluding building square footage attributed to affordable housing within a developed parcel. Future residential condominiums constructed within the District will have a separate calculation, as identified in the management district plan included in this packet. City owned parking spaces that are open to the public are assessed annually per space. A more detailed breakdown of the assessment methodology can be found in Section 4 of the Management District Plan.

The purpose of the assessment is to promote the economic revitalization and physical maintenance of mixed use and business districts in Santa Rosa.

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 by the City Council.

On March 20, 2018, the City Council adopted Ordinance No. 2018-004 by unanimous vote.

RESOLUTION FORMING THE SANTA ROSA DOWNTOWN COMMUNITY BENEFIT DISTRICT AND LEVYING THE ASSESSMENT IN CONNECTION THEREWITH
PAGE 3 OF 5

On May 22, 2018, Resolution No. RES-2018-077 stating Council's intention to establish the Santa Rosa Downtown CBD and to levy and collect assessments within the district was passed by unanimous vote.

ANALYSIS

Per the City's CBD Ordinance (Chapter 6-56, Article 5), and the State Proposition 218, official ballots were mailed to affected property owners in the District. The City Council may establish the District and levy assessments for the Fiscal Year starting July 1, 2018, if, at the close of the Public Hearing, a majority of the weighted returned ballots vote in favor of the formation. Weight is determined by the dollar amount that each property owner will be paying into the proposed CBD. The owners of the largest properties, with bigger buildings, greater lot size, more street frontage, and with 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.

The City Council must not impose an assessment if there is a weighted majority protest. A majority protest exists if, upon the conclusion of the Public Hearing, the weighted ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment.

The City's ballots representing the City's property ownership within the boundaries of the District may be considered in tabulation of the balloting.

Only ballots with original signatures (no photocopies of signatures) will be accepted. Ballots will not be counted if the ballot is a photocopy without an original signature, is unsigned, or lacks an identifiable "yes" or "no" vote. Ballots must be cast by the property owner, or the person(s) authorized to vote on behalf of the property owner.

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 total first year assessment revenue in the proposed CBD is calculated to be \$533,645.00.

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.

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

RESOLUTION FORMING THE SANTA ROSA DOWNTOWN COMMUNITY BENEFIT DISTRICT AND LEVYING THE ASSESSMENT IN CONNECTION THEREWITH
PAGE 4 OF 5

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:

Special Benefit Category	Year 1 Budget	% of Budget
Sidewalk Operations/Civil Sidewalks <i>includes safety, cleanliness, beautification, and the maintenance of an attractive appearance of the District</i>	\$350,000	66%
District Identity/Streetscape Improvements <i>Includes branding and advertising, seasonal decorations and events, art, potential valet service and public space design and development</i>	\$50,000	9%
Parking and Mobility Related <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%
Program Management/Administration <i>Staff and administration, insurance, rent, legal, and accounting</i>	\$75,000	14%
Contingency/Reserve <i>Delinquencies, City and County fees, and reserves</i>	\$18,645	3.5%
Total First Year Budget	\$533,645	100%

The Assessment Engineer's Report elaborates on the direct 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.

It is anticipated that the Downtown Action Organization (DAO), upon its imminent 501(c)3 incorporation, will become the management organization of the Santa Rosa Downtown CBD. Per the proposed draft bylaws of the DAO, at least two thirds (2/3) of the board of directors will be owners of real property within the boundaries of the District, with the remaining one third (1/3) of the seats open to owners of businesses, residents within the District boundaries, or at large directors.

RESOLUTION FORMING THE SANTA ROSA DOWNTOWN COMMUNITY BENEFIT DISTRICT AND LEVYING THE ASSESSMENT IN CONNECTION THEREWITH
PAGE 5 OF 5

FISCAL IMPACT

If the Santa Rosa Downtown CBD is 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.

In addition, the initial assessments to the Downtown Parking District would be \$115,560.00, or \$36.00 per space per year.

ENVIRONMENTAL IMPACT

The proposed actions are exempt from the provisions of the California Environmental Quality Act under section 15061(b)3 in that there is no possibility that they may have significant effects on the environment. Furthermore, these activities not a project under CEQA as defined in CEQA Guidelines section 15378 (b)(4) because they pertain to methods of creating government funding mechanisms or constitute 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 were presented and discussed in the Downtown Subcommittee of the City Council, but were not presented or reviewed by the full Council. No action was taken at the subcommittee meetings.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 – Ballot Packet (cover letter, sample ballot)
- Resolution/Exhibit A (Assessment Engineer's Report/ Management Plan)

CONTACT

Raissa de la Rosa, Economic Development Manager, Planning and Economic Department, (707) 543-3059, rdejarosa@srcity.org