

EXHIBIT A

DOWNTOWN SANTA ROSA COMMUNITY BENEFIT DISTRICT

ASSESSMENT ENGINEER'S REPORT

*Being Established for a 10 Year Term Pursuant to
Article 5 to Chapter 6-56 of the Santa Rosa Municipal Code
Relating to The Establishment of Community Benefit Districts*

*Prepared by
Edward V. Henning
California Registered Professional Engineer # 26549
Edward Henning & Associates*

April 12, 2018

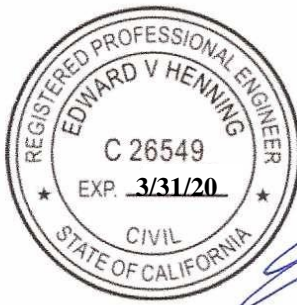
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ASSESSMENT ENGINEER’S REPORT

To Whom It May Concern:

I hereby certify to the best of my professional knowledge and experience that each of the identified benefiting properties located within the proposed Downtown Santa Rosa Community Benefit District ("DSRCBD") being established for a ten (10) year term will receive a special benefit over and above the benefits conferred on the public at large and that the amount of the proposed assessment is proportional to, and no greater than the benefits conferred on each respective property.

Prepared by Edward V. Henning, California Registered Professional Engineer # 26549



A handwritten signature in blue ink that reads "Edward V. Henning". The signature is written over a horizontal line that spans across the signature and the date.

RPE #26549 **Apr. 12, 2018**

Edward V. Henning

Date

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Introduction

This report serves as the “detailed engineer’s report” required by Section 4(b) of Article XIID of the California Constitution (Proposition 218) to support the benefit property assessments proposed to be levied within the proposed DSRCBD in the City of Santa Rosa, California being established for a ten (10) year term. The discussion and analysis contained within this Report constitutes the required “nexus” of rationale between assessment amounts levied and special benefits derived by real properties within the proposed DSRCBD.

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Background

The DSRCBD is a property-based benefit assessment type district being established for a ten (10) year term pursuant to Article 5 to Chapter 6-56 of the Santa Rosa Municipal Code (the “CBD Ordinance”) which was modeled after Section 36600 et seq. of the California Streets and Highways Code (as amended), also known as the Property and Business Improvement District Law of 1994 (the “Act”). Due to the benefit assessment nature of assessments levied within a community benefit district (“CBD”), district program costs are to be distributed amongst all identified benefiting properties based on the proportional amount of special program benefit each property is expected to derive from the assessments levied. Within the Ordinance and Act, frequent references are made to the concept of relative “benefit” received from District programs and activities versus amount of assessment paid. Only those properties expected to derive special benefits from District funded programs and activities may be assessed and only in an amount proportional to the relative special benefits expected to be received.

Supplemental Article XIID Section 4(b) California Constitution
Proposition 218 Procedures and Requirements

Proposition 218, approved by the voters of California in November of 1996, adds a supplemental array of procedures and requirements to be carried out prior to levying a property-based assessment like the DSRCBD. These requirements are in addition to requirements imposed by State and local assessment enabling laws. These requirements were “chaptered” into law as Article XIID Section 4(b) of the California Constitution.

Since Article XIID provisions will affect all subsequent calculations to be made in the final assessment formula for the DSRCBD, these supplemental requirements will be taken into account. The key provisions of Article XIID along with a description of how the DSRCBD complies with each of these provisions are delineated below.

(Note: All section references below pertain to Article XIII of the California Constitution):

Finding 1. From Section 4(a): “Identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed”

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 Appendix 2 attached to this Report. 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;

A list of all parcels included in the proposed DSRCBD is shown as Appendix 1, attached to this Report identified by their respective County of Sonoma assessor parcel number. The boundary of the proposed DSRCBD and benefit zones are shown on the map of the proposed DSRCBD attached as Appendix 2 to this Report.

All identified assessed parcels within the above-described boundaries shall be assessed to fund supplemental special benefit programs, services and improvements as outlined in this Report and in the Management District Plan. All DSRCBD funded services, programs and improvements provided within the above described boundaries shall confer special benefit to identified assessed parcels inside the District boundaries and none will be provided outside of the District. Each assessed parcel within the DSRCBD will proportionately specially benefit from the District funded programs and services (i.e. Sidewalk Operations/Civil Sidewalks, District Identity, Parking & Mobility Related, Program Management/Administration, Contingency/Reserve). These services, programs and improvements are intended to improve commerce, employment, rents and occupancy rates and investment return of individually assessed parcels and businesses on them within the DSRCBD. The DSRCBD confers special benefits on each and every individually assessed parcel by reducing crime, improving aesthetics and marketing goods and services available from individually assessed parcels and the businesses on them within the District, all considered necessary in a competitive properly managed business district. All District funded services programs and improvements are considered supplemental, above normal base level services provided by the City of Santa Rosa and are only provided for the special benefit of assessed parcels within the boundaries of the proposed DSRCBD.

The District includes 159 parcels of which 156 are identified as assessable within 4 Benefit Zones and which are listed in the Assessment Roll included as Appendix 1. For further information, a District Boundary Map showing benefit zones is included as Appendix 2.

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Finding 2. From Section 4(a): “Separate general benefits (if any) from the special benefits conferred on parcel(s). Only special benefits are assessable. “

QUANTITATIVE BENEFIT ANALYSIS

As stipulated in Article XIIIID Section 4(b) of the California Constitution, 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. For the purposes of this analysis, a “general benefit” is hereby defined as: “A benefit to properties in the area and in the surrounding community or benefit to the public in general resulting from the improvement, activity, or service to be provided by the assessment levied”. “Special benefit” as defined by the California State Constitution means a distinct benefit over and above general benefits conferred on real property located in the district or to the public at large.

The property uses within the boundaries of the District that will receive special benefits from District funded programs and services are currently a mix of general commercial, retail, office, parking and government facilities. Services, programs and improvements provided and funded by the District (i.e. Sidewalk Operations/Civil Sidewalks, District Identity, Parking & Mobility Related, Program Management/Administration, Contingency/Reserve) are primarily designed to provide special benefits to identified assessed parcels and the array of land uses within the boundaries of the DSRCBD as described in the Work Plan Details starting on page 8 of this Report.

The proposed District programs, improvements and services and Year 1 budget allocation by Zone are shown in the Table below:

Year 1 - District Special Benefit Budget (Assessment Revenue Only)

<i>Special Benefit Category</i>	<i>First Year Budget</i>	<i>% of total budget</i>
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 special benefits conferred on assessed parcels within the DSRCBD are particular and distinct to each and every identified assessed parcel within the DSRCBD and are not provided to non-assessed parcels outside of the DSRCBD. These programs, services and improvements will only be provided to each individual assessed parcel within the District boundaries and, in turn, confer proportionate "special benefits" to each assessed parcel.

In the case of the DSRCBD, the very nature of the purpose of this DSRCBD is to fund supplemental programs, services and improvements to assessed parcels within the District boundaries above and beyond what is being currently funded either via normal tax supported methods or other funding sources. The City of Santa Rosa does not provide these programs and services. All benefits derived from the assessments to

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be levied on assessed parcels within the District are for services, programs and improvements directly benefiting each individual assessed parcel within the District. No District funded services, activities or programs will be provided outside of the District boundaries.

While every attempt is made to provide District services and programs to confer benefits only to those identified assessed parcels within the District, the California State Constitution was amended via Proposition 218 to stipulate that general benefits exist, either by design or unintentional, 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 DSRCBD, or “spillover” onto parcels surrounding the DSRCBD, or to the public at large who might be passing through the DSRCBD with no intention of transacting business within the DSRCBD or interest in the DSRCBD itself.

Empirical assessment engineering analysis throughout California has found that general benefits within a given business improvement district tend to range from 2-6% of the total costs. There are three methods that have been used by this 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/PBIDs in California for which this Assessment Engineer has provided assessment engineering services since the enactment of Proposition 218, (Article XIIIID Section 4(b) of the California Constitution) have used Method #3, the composite district overlay determinant method which will be used for the DSRCBD. 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 DSRCBD, general benefit to the public at large within the DSRCBD and general benefit to parcels outside the DSRCBD.

General Benefit – Assessed Parcels within District

DSRCBD funded programs are narrowly designed and carefully implemented to specially benefit the assessed District parcels and are only provided for the special benefit to each and every assessed parcel within the District. It is the opinion of this Engineer, based on over 30 years of professional assessment engineering experience, that nearly 100% of benefits conferred on assessed parcels within the District are distinct and special but in the case of the DSRCBD, it is projected that there are 0.25% general benefits conferred on these assessed parcels. This high ratio of special benefits to general benefits is because the DSRCBD funded programs and services are specially geared to the unique needs of each assessed parcel within the DSRCBD and are directed specially only to these assessed parcels within the DSRCBD. This concept is further reinforced by the proportionality of special benefits conferred on each assessed parcel within the District as determined by the special benefit assessment formula as it is applied to the unique and varying property characteristics of each assessed parcel. The computed 0.25% general benefit value on assessed parcels within the DSRCBD equates to \$1,334 or $(.25\% \times \$533,645)$.

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General Benefit - Public At Large

While the DSRCBD funded programs are narrowly designed and carefully implemented to specially benefit the assessed District properties and are only provided for the special benefit to each and every assessed parcel within the District, these District funded programs may also provide an incidental general benefit to the public at large within the District. Assessment Engineering experience in California has found that generally well over 95% of people moving about within District boundaries are engaged in business related to assessed parcels and businesses contained on them within the District, while the public at large “just passing through” is typically much less than 5%. Based on this experience curve and the focused nature of the proposed DSRCBD funded programs and over 30 years of assessment engineering experience, it is the opinion of this Engineer that general benefit factors for each of the District funded special benefit program element costs that might provide an immediate general benefit to the public at large are as shown in the chart below. These factors are applied to each program element costs in order to compute the dollar and percent value of general benefits to the public at large. The total dollar value of this general benefit type equates to \$3,625 as delineated in the following chart:

GENERAL BENEFITS TO “PUBLIC AT LARGE”

	A	B	C	E
Program Element	Dollar Allocation	General Benefit Percent	General Benefit Factor	General Benefit Value (A x C)
Sidewalk Operations/Civil Sidewalks	\$350,000	1.00%	0.0100	\$3,500
District Identity	\$50,000	0.25%	0.0025	\$125
Parking & Mobility	\$40,000	0.25%	0.0025	\$100
Administration	\$75,000	0.25%	0.0025	\$188
Contingency	<u>\$18,645</u>	0.25%	0.0025	<u>\$47</u>
Total	\$533,645			\$3,625

Spillover General Benefits to Parcels Outside of District

While District programs and services will not be provided directly to parcels outside the District boundaries, it is reasonable to conclude that District services may confer an indirect general benefit on parcels immediately adjacent to the District boundaries. An inventory of the District boundaries finds that the District is surrounded by 72 parcels, of which 18 are commercial/industrial uses and 54 are residential, government or non-profit uses adjacent to or across a street or alley from the proposed DSRCBD. It is noted that there are 3 non-identified (i.e. not assessed) parcels within the proposed DSRCBD.

The 72 parcels outside the District boundaries plus the 3 non-identified parcels within and immediately adjacent to assessed parcels within the District can reasonably be assumed to receive some indirect general benefit as a result of BID funded programs, services and improvements. Based on over 30 years of assessment engineering experience, it is the opinion of this Engineer that a benefit factor of 1.0 be attributed to the 156 identified assessed parcels within the District; a benefit factor of 0.05 be attributed to general benefits conferred on the 21 commercial/industrial parcels adjacent to or across a street or alley

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from the proposed DSRCBD and the 3 non-identified parcels within the proposed DSRCBD; and a benefit factor of 0.01 be attributed to general benefits conferred on the 54 residential, government and non-profit parcels/uses adjacent to or across a street or alley from the proposed DSRCBD. The cumulative dollar value of this general benefit type equates to \$5,439 (\$3,592 + \$1,847) as delineated in the Table below.

“Spillover” General Benefits

Parcel Type	Quantity	Benefit Factor	Benefit Units	Benefit Percent	Benefit Value
Identified assessed parcels in the District	156	1.00	156.00	98.9911%	\$533,645
Non-identified parcels within the District and Commercial/Industrial Parcels/Uses Outside the District	21	0.05	1.05	0.6663%	\$3,592
Residential, government, non-profit parcels/uses outside the District	54	0.01	0.54	<u>0.3427%</u>	<u>\$1,847</u>
TOTAL			157.59	100.0000%	\$539,084

Composite General Benefit

Based on the general benefit values delineated in the three sections above, the total value of general benefits conferred on assessed parcels within the District, the public at large and parcels outside the District equates to \$10,398 (\$1,334 + \$3,625 + \$5,439) or 1.91%. For the purpose of this benefit analysis, the general benefit value of 1.91% will be conservatively rounded up to 2% or \$10,891. This leaves a value of 98% assigned to special benefit related costs. The general benefit value of \$10,891 when added to the special benefit value of \$533,645 (Year 1 –2019 assessments) equates to a total adjusted Year 1 – 2019 program cost of \$544,536. Remaining costs that are attributed to general benefits, will need to be derived from other sources. A comparison of special and general benefit funding sources is shown in the Table on page 23 of this Report.

A breakdown of projected special and general benefit costs for each year of the 10-year term is shown in the following Table:

Total Year 1 Special + General Benefit Costs

Service	YR 1 Assessment Costs	YR 1 Non-Assessment Costs	YR 1 Total Costs	% of Total
Sidewalk Operations/Civil Sidewalks	\$350,000	\$7,143	357,143	66%
District Identity	\$50,000	\$1,020	51,020	9%
Parking & Mobility	\$40,000	\$816	40,816	7.5%
Administration	\$75,000	\$1,531	76,531	14%
Contingency	\$18,645	\$380	19,025	3.5%
Total	\$533,645.00	\$10,891.00	\$544,536.00	100%

DISTRICT WORK PLAN

Overview

The Programs and activities to be funded by the DSRCBD include Sidewalk Operations/Civil Sidewalks; District Identity; parking and mobility; program management/administration; and Contingency. The property uses within the boundaries of the District that will receive special benefits from District funded programs, services and improvements are currently a mix of general commercial, retail, office, parking, and government facilities. District funded activities are primarily designed to provide special benefits as described below to identified assessed parcels and array of land uses within the boundaries of the District.

These benefits are particular and distinct to each and every identified assessed parcel within the DSRCBD and are not provided to non-assessed parcels outside of the District. These programs, services and improvements will only be provided to each individual assessed parcel within the District boundaries and, in turn, confer proportionate "special benefits" to each assessed parcel.

In the case of the DSRCBD, the very nature of the purpose of this District is to fund supplemental programs, services and improvements to assessed parcels within the District boundaries above and beyond what is being currently funded either via normal tax supported methods or other funding sources. The City of Santa Rosa does not provide these supplemental programs and services. All benefits derived from the assessments to be levied on assessed parcels within the District are for services, programs and improvements directly benefiting each individual assessed parcel within the District. No District funded services, activities or programs will be provided outside of the District boundaries.

The projected program special benefit cost allocation of the District assessment revenues for the 10-year District term assuming a 5% maximum annual assessment rate increase is shown in the Table on page 12-13 of this Report.

WORK PLAN DETAILS

The following programs, services and improvements are proposed by the DSRCBD to specially benefit each and every individually assessed parcel within the District boundaries. DSRCBD services, programs and improvements will not be provided to parcels outside the District boundary. Assessment funds generated in each benefit zone shall only be used to provide services which specially benefit individual assessed parcels within that benefit zone.

SIDEWALK OPERATIONS/CIVIL SIDEWALKS:

Examples of this category of special benefit services 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

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- Installation of and maintenance of hanging plants, planting flowers throughout the district
- Private security or case workers to respond to homeless issues, aggressive panhandling and mentally ill people behaving poorly in the public rights of way, including possible hiring of additional SR PD Bike patrols and/or a camera system

The goal of the sidewalk operations/civil sidewalk programs is to ensure that all identified assessed parcels are clean, safe, and well maintained, thereby creating a safe and attractive District. Various levels of clean and safe activities will be required over time to maintain the District.

These programs will assist in creating a safe and secure environment for each assessed parcel in the District. A dirty or unsafe environment deters commerce and may fail to attract patrons and visitors, and reduce commercial rents and commercial occupancies.

For commercial parcels, this activity is designed to increase vehicular and pedestrian traffic, increase commerce and customer activity, attract and retain new business and patrons, and may increase commercial rents and commercial occupancies for the assessed parcels within the BID boundaries. In the case of assessed publicly owned parcels, District funded clean and safe programs and services provide these parcels with safer and enhanced facility entrances and perimeters and better public facilities in turn for their employees, visitors, vendors and users of these public facilities. Each assessed parcel will specially benefit from these programs and services which will only be provided to, and for the direct benefit of, each identified assessed parcel within the District boundaries.

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
- App development
- Management and coordination of special events
- Social media
- Public relations firm
- Holiday and seasonal decorations
- Branding of the Downtown CBD properties so a positive image is promoted to the public
- Banner programs
- Public art displays
- Logo development
- Public space design and improvements

For commercial parcels, district identity services are specifically designed to attract more customers, employees, tenants and investors for the special benefit of assessed parcels as a result of marketing assessed parcels and the goods and services and spaces available on these assessed parcels. This in turn, is intended to increase business volumes, sales transactions, commercial occupancies, commercial rental income and investment return. In the case of publicly owned parcels that are assessed for these programs, District funded marketing and district identity creates better public facilities and services on these assessed parcels by fostering better informed public employees, visitors, vendors and users of these public facilities.

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For commercial parcels, streetscape improvements are specifically designed to attract more customers, employees, tenants and investors for the special benefit of assessed parcels as a result of beautifying each and every assessed District parcel. This in turn, is intended to increase business volumes, sales transactions, commercial occupancies, commercial rental income and investment return. In the case of publicly owned parcels that are assessed for these programs, Streetscape improvements create better public facilities and services on these assessed parcels by improving the aesthetics of these public parcels and facilities. Streetscape improvements and programs will only be provided to, and for the direct and special benefit of, each identified assessed parcel within the District.

PARKING AND MOBILITY RELATED:

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

- Creation of new parking app
- 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
- Negotiate bulk or discount rates for CBD property owner and tenants with parking structures after hours of with surplus parking
- Bike racks, car sharing spaces and other items that increase mobility in the district
- Negotiating with dockless bike companies to ensure that bikes are launched in an organized way within the CBD boundaries;

For commercial parcels, this activity is designed to better manage vehicular and pedestrian traffic, enhance parking efficiencies, increase commerce and customer activity, attract and retain new business and patrons, and may increase commercial rents and commercial occupancies for the assessed parcels within the BID boundaries. In the case of assessed publicly owned parcels, these programs and services provide these parcels with more efficient and user friendly public facilities in turn for their employees, visitors, vendors and users of these public facilities. Each assessed parcel will specially benefit from these programs and services which will only be provided to, and for the direct benefit of, each identified assessed parcel within the District boundaries.

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 as well as Directors and Officers Insurance
- Office related expenses
- Rent
- Financial reporting and accounting
- Legal work

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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

These latter components, Administration/Program Management & Contingency are key to the proper expenditure of District assessment funds and the administration of District programs and activities for the special benefit of all parcels and land uses within the DSRCBD. District Administration & Contingency exists only for the purposes of the District and directly relates to the implementation of all other CBD funded programs, services and improvements which specially benefit each identified assessed parcel within the District boundaries.

ENHANCED RESIDENTIAL CONDO UNIT IMPROVEMENTS: (currently don’t exist within the boundaries of the Downtown Santa Rosa CBD)

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

Future residential condominium development built within the boundaries of the Downtown Santa Rosa CBD will be assessed separately due to their unique parcel status and special benefit needs in the district. Residential condos buildings or Town Homes will have the following special benefit services conferred on the frontage their parcels. These services in the future may include, but will not be limited to:

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

In the case of future assessed residential use parcels, CBD programs and services are designed to improve the cleanliness and security of entrances and perimeters and livability of residential units for the special benefit of each assessed residential parcel and in turn their tenants, visitors and owners, which, in turn, may increase occupancies and rental income.

In summary, all District funded services, programs and improvements described above confer special benefits to identified assessed parcels inside the District boundaries and none will be provided outside of the District. Each assessed parcel within the DSRCBD will proportionately specially benefit from the Sidewalk Operations/Civil Sidewalks, District Identity, Parking & Mobility Related, Program

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Management/Administration, Contingency/Reserve. These services, programs and improvements are intended to improve commerce, employment, livability, rents, occupancy rates and investment return of parcels, businesses and residences within the DSRCBD by reducing crime, litter and debris, and professionally marketing goods, services and spaces available within the District, all considered necessary in a competitive properly managed contemporary business district. All District funded services programs and improvements are considered supplemental, above normal base level services provided by the City of Santa Rosa and are only provided for the special benefit of each and every assessed parcel within the boundaries of the DSRCBD.

WORK PLAN BUDGET

Each identified assessed parcel within the DSRCBD will be assessed the full amount of the proportionate special benefit conferred upon it based on the level of District funded services provided within each benefit zone. The projected District program special benefit (assessment) cost allocation budget for Year 1 (2019) is shown in the following Table:

DSRCBD Year 1 Special Benefit Assessment Budget By Zone

<i>Special Benefit Category</i>	<i>First Year Budget</i>	<i>% of total budget</i>
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%

In order to carry out the District programs outlined in the previous section, a Year 1 assessment budget of \$533,645 is projected. Since the District is planned for a 10-year term, projected program costs for future years (Years 2-10) are set at the inception of the District. While future inflationary and other program cost increases are unknown at this point, a built in maximum increase of 5% per annum, commensurate to special benefits received by each assessed parcel, is incorporated into the projected program costs and assessment rates for the 10-year District term. Carryovers, if any, may be reapportioned the following year for related programs, services and improvements. Detailed annual budgets will be prepared by the Owner’s Association Board and included in an Annual Plan for the City Council’s review and approval.

It is recognized that market conditions may cause the cost of providing goods and services to fluctuate from year to year during the 10-year term of the proposed District. Accordingly, the Owners’ Association shall have the ability to reallocate up to 10% of any budget line item within the budget categories based on such cost fluctuations subject to the review and approval by the Owners’ Association Board and included in the Annual Planning Report that will be approved by the Santa Rosa City Council pursuant to Streets and Highways Code Section 36650. Any accrued interest or delinquent payments may be expended in any budget category.

Though the district has not set term, we have provided below a 10-year projected DSRCBD budget as is shown in the following Table:

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YEAR 1-10 - PROJECED DISTRICT ASSESSMENT BUDGET (Special Benefit Costs)

(Assumes 5% max rate increase per year)

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	FY9	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

The DSRCBD assessments may increase for each individual parcel each year during the 10-year effective operating period, but not to exceed 5% per year, commensurate to special benefits received by each assessed parcel, and must be approved by the Owners’ Association Board of Directors, included in the Annual Planning Report and adopted by the City of Santa Rosa City Council. Any accrued interest and delinquent payments will be expended within the budgeted categories. The Owners’ Association Board of the Directors (“Property Owner’s Association of the DSRCBD) shall determine the percentage increase to the annual assessment and the methodology employed to determine the amount of the increase. The Owners’ Association Executive Director shall communicate the annual increase to the City each year in which the District operates at a time determined in the Administration Contract held between the Owners’ Association and the City of Santa Rosa. No bonds are to be issued in conjunction with the proposed District.

Finding 3. From Section 4(a): “(Determine) the proportionate special benefit derived by each parcel in relationship to the entirety of the.....cost of public improvement(s) or the maintenance and operation expenses.....or the cost of the property related service being provided.

Each identified assessed parcel within the district will be assessed based on property characteristics unique only to that parcel. Based on the specific needs and corresponding nature of the program activities to be funded by the proposed DSRCBD (i.e. Sidewalk Operations/Civil Sidewalks, District Identity, Parking &

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Mobility Related, Program Management/Administration, Contingency/Reserve). It is the opinion of this Assessment Engineer that the assessment factors on which to base assessment rates relate directly to the proportionate amount of building area, land area and street frontage, except where noted herein, within 4 benefit zones.

The calculated assessment rates are applied to the actual measured parameters of each parcel and thereby are proportional to each and every other identified assessed parcel within the district as a whole and the Benefit Zone in which it is located. Larger parcels and/or ones with larger building areas and/or located in Zone 1 are expected to impact the demand for services and programs to a greater extent than smaller land and/or building areas and/or located in other Zones and thus, are assigned a greater proportionate degree of assessment program and service costs. The proportionality is further achieved by setting targeted formula component weights for the respective parcel by parcel identified property attributes.

The proportionate special benefit cost for each parcel has been calculated based on proportionate formula components and is listed as an attachment to the Management District Plan and this Report. The individual percentages (i.e. proportionate relationship to the total special benefit related program and activity costs) is computed by dividing the individual parcel assessment by the total special benefit program costs.

Finding 4. From Section 4(a): “No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel.”

Not only are the proposed program costs reasonable due to the benefit of group purchasing and contracting which would be possible through the proposed DSRCBD, they are also considerably less than other options considered by the DSRCBD Formation Committee. The actual assessment rates for each parcel within the District directly relate to the level of service and, in turn, special benefit to be conferred on each parcel based on the respective building area, land area and street frontage of each parcel, except as noted herein, within 4 benefit zones.

Finding 5. From Section 4(a): “Parcels.....that are owned or used by any (public) agency shall not be exempt from assessment.....”

The State Constitution - Article 13D (Proposition 218) states that “parcels within a District that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly-owned parcels in fact receive no special benefit.”

There are 23 publicly owned parcels within the District, all of which are identified as assessable and for which special benefit services will be provided. All 23 parcels are owned by the City of Santa Rosa.

Each identified assessed publicly owned parcel and facility within the District will proportionately benefit from the District funded supplemental sidewalk operations (clean and safe), district identity (newsletter and website), parking/mobility and administration. For identified assessed publicly owned parcels and facilities, each of these parcels specially benefit from District funded programs and services from cleaner and safer facility entrances and perimeters. In addition, the District funded district identity programs benefit publicly owned parcels by announcing public events and activities held at these public facilities and apprise employees of important District news, security issues and alerts and crime statistics. These services

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and programs are designed to improve the safety and cleanliness and usability of each publicly owned assessed parcel and facility within the District by reducing crime, litter and debris, all considered detractions to employment, visitation and use of public facilities if not contained and properly managed.

In the opinion of this Assessment Engineer, there is no clear and convincing evidence that these 23 publicly owned parcels will not proportionately specially benefit from District services, programs and improvements; therefore, each publicly owned parcel will be assessed at the full zone rate with assessments to be based on the building area, land area and street frontage of each parcel, except as noted herein, for parking parcels which will be based on the number of public parking spaces within each lot or facility.

The Table below lists all publicly owned parcels within the proposed DSRCBD and their Year 1 (2018-19) assessment amounts:

DSRCBD PUBLICLY OWNED PARCELS

APN	Legal Owner	Zone		Site Address	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%

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Finding 6. From Section 4(b): “All assessments must be supported by a detailed engineer’s report prepared by a registered professional engineer certified by the State of California”.

This report serves as the “detailed engineer’s report” to support the benefit property assessments proposed to be levied within the proposed DSRCBD.

Finding 7. From Section 4(c): “The amount of the proposed assessment for each parcel shall be calculated (along with) the total amount thereof chargeable to the entire district, the duration of such payments, the reason for such assessment and the basis upon which the amount of the proposed assessment was calculated.”

The individual and total parcel assessments attributable to special property benefits are shown in Appendix 1 to the Management District Plan and this Report. The proposed District and resultant assessment levies will continue for 10-years and may be renewed again at that time. The reasons (purposes) for the proposed assessments are outlined in Finding 2 above as well as in the Management District Plan. The calculation basis of the proposed assessment is attributed to building area, land area and street frontage, except where noted herein.

Assessment Formula Methodology

Step 1. Select “Basic Benefit Unit(s)”

Background - Assessment Formula Development

The method used to determine special benefits derived by each identified assessed property within a CBD begins with the selection of a suitable and tangible basic benefit unit. For property related services, such as those proposed in the DSRCBD, the benefit unit may be measured in linear feet of street frontage or parcel size in square feet or building size in square feet or any combination of these factors. Factor quantities for each parcel are then measured or otherwise ascertained. From these figures, the amount of benefit units to be assigned to each property can be calculated. Special circumstances such as unique geography, land uses, development constraints etc. are carefully reviewed relative to specific programs and improvements to be funded by the CBD in order to determine any levels of different benefit that may apply on a parcel-by-parcel or categorical basis.

Based on the factors described above such as geography and nature of programs and activities proposed, an assessment formula is developed which is derived from a singular or composite basic benefit unit factor or factors. Within the assessment formula, different factors may be assigned different “weights” or percentage of values based on their relationship to programs/services to be funded.

Next, all program and activity costs, including incidental costs, District administration and ancillary program costs, are estimated. It is noted, as stipulated in Article XIID Section 4(b) of the California Constitution, and now required of all property-based assessment Districts, indirect or general benefits costs may not be incorporated into the assessment formula and levied on the District properties; only direct or “special” benefits and costs may be considered. Indirect or general benefit costs, if any, must be identified and, if quantifiable, calculated and factored out of the assessment cost basis to produce a “net” cost figure. In addition, Article XIID Section 4(b) of the California Constitution also no longer automatically exempts publicly owned property from being assessed unless the respective public agency can provide clear and

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convincing evidence that their property does not specially benefit from the programs and services to be funded by the proposed special assessments. If special benefit is determined to be conferred upon such properties, they must be assessed in proportion to special benefits conferred in a manner similar to privately owned property assessments. (See pages 14-15 of this Report for discussion regarding publicly owned parcels within the DSRCBD).

From the estimated net program costs, the value of a basic benefit unit or “basic net unit cost” can be computed by dividing the total amount of estimated net program costs by the total number of benefit units. The amount of assessment for each parcel can be computed at this time by multiplying the Net Unit Cost times the number of Basic Benefit Units per parcel. This is known as “spreading the assessment” or the “assessment spread” in that all costs are allocated proportionally or “spread” amongst all benefitting properties within the District.

The method and basis of spreading program costs varies from one District to another based on local geographic conditions, types of programs and activities proposed, and size and development complexity of the district. Districts may require secondary benefit zones to be identified to allow for a tiered assessment formula for variable or “stepped-down” benefits derived.

DSRCBD Assessment Formula

Based on the specific needs and corresponding nature of the program activities to be funded by the proposed DSRCBD (i.e. Sidewalk Operations/Civil Sidewalks, District Identity, Parking & Mobility Related, Program Management/Administration, Contingency/Reserve) it is the opinion of this Assessment Engineer that the assessment factors on which to base assessment rates relate directly to the proportionate amount of building area, land area and street frontage, except where noted herein, within 4 benefit zones.

The “Basic Benefit Units” will be expressed as a combined function of gross building square footage (Benefit Unit “A”), land square footage (Benefit Unit “B”), street frontage (Benefit Unit “C”) and in Zone 4, public parking spaces (Benefit Unit “D”). Based on the shape of the proposed DSRCBD, as well as the nature of the District program elements, it is determined that all identified assessed properties will gain a direct and proportionate degree of special benefit based on the respective amount of building area, land area and street frontage, except where noted herein, within 4 benefit zones.

For the array of land uses within the District, the interactive application of building area, land area, street frontage and parking space quantities are a proven method of fairly and equitably spreading special benefit costs to these beneficiaries of District funded services, programs and improvements. Each of these factors directly relates to the degree of special benefit each assessed parcel will receive from District funded activities within each benefit zone.

In the opinion of this Assessment Engineer, the targeted weight of Zone 1 revenue to match the projected costs of Zone 1 services, should generate approximately 40% of the total District revenue (37.520074% when adjusted for precise parcel measurements and program costs and service levels).

In turn, in the opinion of this Assessment Engineer, the targeted weight of Zone 2 revenue to match the projected costs of Zone 2 services, should generate approximately 25% of the total District revenue (23.165025% when adjusted for precise parcel measurements and program costs and service levels).

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In turn, in the opinion of this Assessment Engineer, the targeted weight of Zone 3 revenue to match the projected costs of Zone 2 services, should generate approximately 15% of the total District revenue (17.660055% when adjusted for precise parcel measurements and program costs and service levels).

In turn, in the opinion of this Assessment Engineer, the targeted weight of Zone 4 revenue to match the projected costs of Zone 2 services, should generate approximately 20% of the total District revenue (21.654845% when adjusted for precise parcel measurements and program costs and service levels).

Building area is a direct measure of the static utilization of each parcel and its corresponding impact or draw on District funded activities. In the opinion of this Assessment Engineer, the targeted weight of this factor, building area, should generate approximately 60% of the total District revenue (56.44467% when adjusted for precise parcel measurements and program costs and service levels).

Land area is a direct measure of the current and future development capacity of each parcel and its corresponding impact or draw on District funded activities. In the opinion of this Assessment Engineer, the targeted weight of this factor, land area, should generate approximately 5% of the total District revenue (6.283739% when adjusted for precise parcel measurements and program costs and service levels).

Street Frontage is a direct measure of the static utilization of each parcel and its corresponding impact or draw on District funded activities, many of which are linear in nature (i.e. Sidewalk Operations). In the opinion of this Assessment Engineer, the targeted weight of this factor, street frontage, should generate approximately 15% of the total District revenue (15.615231% when adjusted for precise parcel measurements and program costs and service levels).

Public Parking Spaces are a direct measure of the static utilization of each parking lot parcel and its corresponding impact or draw on District funded activities. In the opinion of this Assessment Engineer, the targeted weight of this factor, public parking spaces, should generate approximately 20% of the total District revenue (21.654845% when adjusted for precise parcel measurements and program costs and service levels).

Step 2. Quantify Total Basic Benefit Units

Taking into account all identified specially benefiting parcels within the District and their respective assessable benefit units, the rates, cumulative quantities and assessment revenues by factor and zone are shown in the following Tables:

Year 1 – 2018/2019 - Assessable Benefit Units

<i>Benefit Zone</i>	<i>Building Area (SF)</i>	<i>Land Area (SF)</i>	<i>Street Frontage (LF)</i>	<i>Parking Spaces</i>
1	1,008,496	761,979	10,183	0
2	657,826	914,664	13,181	0
3	673,158	0	0	0
4	0	0	0	3,210
Total	2,339,480	2,412,012	29,399	3,210

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Year 1 – 2018/19 Projected Assessment Revenue By Assessment Factor

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%

Year 1 – 2018/19 Projected Assessment Revenue By Benefit Zone

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%

Year 1 – 2018/19 Projected Assessment Revenue By Benefit Zone per Assessment Factor

BENEFIT ZONE	BLDG AREA ASSMT REVENUE	LAND AREA ASSMT REVENUE	STREET FRONTAGE ASSMT REVENUE	PUBLIC PKG SPACE ASSMT REVENUE	SUBTOTAL ASSMT REVENUE	%
1	\$141,189	\$15,240	\$43,787	\$0	\$200,224	37.520074%
2	\$65,783	\$18,293	\$39,543	\$0	\$123,619	23.165025%
3	\$94,242	\$0	\$0	\$0	\$94,242	17.660055%
4	\$0	\$0	\$0	\$115,560	\$115,560	21.654845%
TOTAL	\$301,214	\$33,533	\$83,330	\$115,560	\$533,645	100.000000%
Zone 1 %	26.457559%	2.855752%	8.205249%	0.000000%	37.520074%	
Zone 2 %	12.327034%	3.427987%	7.409982%	0.000000%	23.165025%	
Zone 3 %	17.660077%	0.000000%	0.000000%	0.000000%	17.660055%	
Zone 4 %	0.000000%	0.000000%	0.000000%	21.654845%	21.654845%	
Total %	56.444670%	6.283739%	15.615231%	21.654845%	100.000000%	

Step 3. Calculate Benefit Units for Each Property.

The number of Benefit Units for each identified benefiting parcel within the proposed DSRCBD was computed from data extracted from County Assessor records and maps. These data sources delineate current land uses, building areas, property areas and dimensions of record for each tax parcel. While it is understood that this data does not represent legal field survey measurements or detailed title search of recorded land subdivision maps or building records, it does provide an acceptable basis for the purpose of calculating property-based assessments. All respective property data being used for assessment computations will be provided to each property owner in the District for their review. If a property owner believes there is an error on a parcel’s assessed footages, the District may confirm the data with the Sonoma County Assessor’s office. If District data matches Assessor’s data, the property owner may opt to work with the Assessor’s office to correct the data so that the District assessment may be corrected.

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Step 4. Determine Assessment Formula

In the opinion of this Engineer, the assessment formula for the proposed DSRCBD, except as noted herein, is as follows:

Assessments = Building Area (Unit A) Sq Ft x Unit A Zone Rate, plus
Land Area (Unit B) Sq Ft x Unit B Zone Rate, plus
Street Frontage (Unit C) Lin Ft x Unit C Zone Rate

YEAR 1 –2018/19 Assessment Rates

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

Special Circumstances

1. Any and all *affordable housing building square footage* shall be exempted from the building mass in the calculation of assessments for that parcel. The lot size, linear frontage and non-affordable housing building square footage shall be included in the assessment payment based upon location in their Benefit Zone, however the percentage of building square footage allocated to affordable housing shall be exempted from the gross building square footage for that parcel. If and when the 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.
2. There are no parcels within the District that are zoned solely residential and exempt from District assessments in accordance with State District Law that conclusively presumes that parcels zoned solely residential do not benefit from District programs, improvements and activities and thus, are not subject to assessments.
3. It is noted that any other residential parcels with multiple residential units on them are considered commercial activities and will be assessed similar to standard commercial parcels with assessments based on the designated assessment factors – i.e. building area, land area and street frontage.
4. The Simon Properties Mall and the adjacent older retail buildings along Morgan Street and the 101 freeway are located in Benefit Zone 3. It is anticipated that these properties will be converted or re-purposed in the next few years. Under the Benefit Zone 3 assessment methodology, it is the opinion of this Assessment Engineer that Zone 3 parcels will be assessed based solely on building square footage. Zone 3 assessments will fund 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.

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5. City owned parking structures and lots will be assessed to create greater demand for these parking lots and to accommodate customers to Downtown Santa Rosa. Based upon the data research, there are 3,210 parking spaces in the boundaries of the proposed CBD. It is the opinion of this assessment Engineer, that each parking lot and facility will be assessed \$36.00 per public parking space per year.

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.

6. It is the opinion of this Assessment Engineer that residential condominiums (future) will be assessed differently in that land area and street frontage are not relevant assessment factors for this unique, often multi-floor land use type. Such units will be assessed based solely of their respective amount of building area for each unit. This alternate assessment methodology is created to respond to the special needs of condominium owners within this growing Downtown Santa Rosa district.
7. Ground floor commercial condominiums (future) 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.
8. 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.

Changes to Building or Parcel Size

If the building size on a parcel changes during the term of the District, the assessment calculation may be modified accordingly. Parcels with new construction shall have their assessment adjusted upon issuance of a certificate of occupancy for the new building area. In addition, any changes in parcel size as a result of land adjustments including but not limited to lot splits, consolidations, subdivisions, street dedications, right of way setbacks shall have their assessment adjusted upon final City approval of such parcel adjustments.

Other Future Development

Other than future maximum rates and the assessment methodology delineated in this Report, per State Law (Government Code Section 53750), future assessments may increase for any given parcel if such an increase is attributable to events other than an increased rate or revised methodology, such as a change in the density, intensity, or nature of the use of land. Any change in assessment formula methodology or rates other than as stipulated in this Plan would require a new Proposition 218 ballot procedure in order to approve any such changes.

The complete Year 1 – 2018-19 assessment roll of all parcels to be assessed by this District is included in this Plan as Appendix I.

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Assessment Formula Unit Rates

Using figures from the Assessable Benefit Units Table and the Projected Assessment Revenue Tables on pages 18-19 of this Report, the assessment rates and weighted multipliers for each factor and zone are calculated as follows:

ZONE 1

Building Area Rate (Unit 1-A)

$$(\$533,645 \times 26.457559\%) / 1,008,496 \text{ units} = \$0.14/\text{sq ft building area}$$

Land Area Rate (Unit 1-B)

$$(\$533,645 \times 2.855752\%) / 761,979 \text{ units} = \$0.02/\text{sq ft land area}$$

Street Frontage Rate (Unit 1-C)

$$(\$533,645 \times 8.205249\%) / 10,183 \text{ units} = \$4.30/\text{lin ft street frontage}$$

ZONE 2

Building Area Rate (Unit 2-A)

$$(\$533,645 \times 12.327034\%) / 657,826 \text{ units} = \$0.10/\text{sq ft building area}$$

Land Area Rate (Unit 2-B)

$$(\$533,645 \times 3.427987\%) / 914,664 \text{ units} = \$0.02/\text{sq ft land area}$$

Street Frontage Rate (Unit 2-C)

$$(\$533,645 \times 7.409982\%) / 13,181 \text{ units} = \$3.00/\text{lin ft street frontage}$$

ZONE 3

Building Area Rate (Unit 3-A)

$$(\$533,645 \times 17.660077\%) / 673,158 \text{ units} = \$0.14/\text{sq ft building area}$$

ZONE 4

Parking Space Rate (Unit 4-D)

$$(\$533,645 \times 21.654845\%) / 3,210 \text{ units} = \$36/\text{parking space}$$

Residential Condominiums (all Zones)

$$= \$0.20 \text{ per sq ft building area}$$

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Step 5. Estimate Total District Costs

The total projected 10-year special benefit costs for 2019 – 2028 of the District are shown in the Table on pages 12-13 of this Report assuming a maximum increase per year, commensurate to special benefits received by each assessed parcel.

Step 6. Separate General Benefits from Special Benefits and Related Costs (Article XIID Section 4(b) of the California Constitution – Proposition 218)

Total Year 1 total adjusted costs are estimated at \$544,536. General benefits are factored at 2% of total (see Finding 2 on pages 4 -7 of this Report) with special benefits set at 98%. Article XIID Section 4(b) of the California Constitution limits the levy of property assessments to costs attributed to special benefits only. The 2% general benefit cost is computed to be \$10,891 with a resultant 98% special benefit limit computed at \$533,645. *Based on current data, zoning and land uses, this is the maximum amount of Year 1 (2018-19) revenue that can be derived from property assessments from the subject District.*

All program costs associated with general benefits will be derived from sources other than District assessments. Sample “other” revenue sources are shown in the following Table:

Special and General Benefit Revenue Sources

Revenue Source	Revenue	% of Total
District Assessments	\$533,645	98%
Grants, donations, sponsors, program income, etc.	\$10,891	2%
TOTAL	\$544,536	100.0%

Step 7. Calculate “Basic Unit Cost”

With a YR 1 - 2019 assessment revenue portion of the budget set at \$533,645 (special benefit only), the Basic Unit Costs (rates) are shown above in Step 4. Since the District is being proposed for a 10-year term, maximum assessments for future years (2020-2028) must be set at the inception of the proposed District. An annual inflationary assessment rate increase of up to 5%, commensurate to special benefits received by each assessed parcel, may be imposed for future year assessments, on approval by the District Property Owner’s Association. The maximum assessment rates for the 10-year proposed District term of 2019-2028 are shown in the Table below. The assessment rates listed constitute the maximum assessment rates that may be imposed for each year of the proposed District term (2019-2028).

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**DSRCBD – 10 Year Maximum Assessment Rates
(Includes a 5%/Yr. Max Increase)**

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	\$43.75823	\$45.94614	\$48.24344	\$50.65562	\$53.18840

Step 8. Spread the Assessments

The resultant assessment spread calculation results for each parcel within the District are shown in the Management District Plan and were determined by applying the District assessment formula to each identified benefiting property.

DOWNTOWN SANTA ROSA CBD – ASSESSMENT ENGINEER’S REPORT

Miscellaneous District Provisions

Time and Manner of Collecting Assessments:

Assessments for the Property Tax Year beginning July 1, 2018 and ending June 30, 2028, shall be collected at the same time and in the same manner as ad valorem taxes paid to the County of Sonoma (Operation Years 2019-2028). The District assessments shall appear as a separate line item on the property tax bills issued by the County of Sonoma Assessor. The City of Santa Rosa is authorized to collect any assessments not placed on the County tax rolls, or to place assessments, unpaid delinquent assessments, or penalties on the County tax rolls as appropriate to implement the Management District Plan.

Bonds:

No bonds are to be issued in conjunction with this proposed District.

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.

APPENDIX 1

DSRCBD YR 1 – 2018/2019 ASSESSMENT ROLL

APN	Annual Assessment		
009-011-001-000	\$1,455.82	009-026-012-000	\$2,052.00
009-011-002-000	\$1,391.18	009-026-013-000	\$2,072.78
009-011-005-000	\$3,655.20	009-026-014-000	\$322.68
009-011-006-000	\$1,172.04	009-052-028-000	\$954.20
009-011-007-000	\$812.00	009-052-047-000	\$1,595.00
009-011-008-000	\$350.24	009-054-031-000	\$1,822.94
009-011-009-000	\$625.40	009-054-033-000	\$2,628.50
009-011-010-000	\$1,222.84	009-055-003-000	\$287.82
009-011-011-000	\$564.70	009-055-004-000	\$517.22
009-011-012-000	\$2,398.72	009-055-005-000	\$1,018.44
009-011-013-000	\$2,410.90	009-055-007-000	\$2,134.40
009-011-014-000	\$4,058.50	009-055-012-000	\$574.90
009-011-015-000	\$928.90	009-055-013-000	\$2,848.88
009-012-002-000	\$1,804.70	009-055-016-000	\$367.60
009-012-011-000	\$3,648.28	009-055-017-000	\$401.66
009-012-015-000	\$1,091.20	009-056-001-000	\$1,079.40
009-012-017-000	\$1,583.54	009-056-003-000	\$414.40
009-012-019-000	\$1,644.82	009-056-004-000	\$1,257.14
009-012-021-000	\$1,224.28	009-056-005-000	\$1,752.20
009-012-025-000	\$2,664.00	009-061-045-000	\$461.70
009-012-026-000	\$1,190.00	009-061-046-000	\$1,374.20
009-013-001-000	\$3,003.58	009-061-047-000	\$1,004.20
009-013-002-000	\$1,477.60	009-062-053-000	\$3,291.72
009-013-006-000	\$2,400.22	009-063-028-000	\$1,152.60
009-013-009-000	\$962.22	009-063-029-000	\$1,046.20
009-013-011-000	\$3,528.00	009-071-020-000	\$7,267.58
009-013-012-000	\$3,564.00	009-071-023-000	\$2,927.22
009-013-013-000	\$11,041.20	009-071-025-000	\$1,496.64
009-013-014-000	\$832.96	009-071-026-000	\$4,298.74
009-013-015-000	\$919.40	009-071-027-000	\$1,679.52
009-014-011-000	\$931.16	009-071-028-000	\$1,768.44
009-014-012-000	\$11,283.72	009-072-039-000	\$1,376.60
009-014-016-000	\$1,261.16	009-072-040-000	\$698.70
009-014-017-000	\$1,793.72	009-072-041-000	\$723.20
009-015-004-000	\$4,275.84	009-072-042-000	\$770.90
009-016-001-000	\$4,287.72	009-072-043-000	\$786.80
009-021-011-000	\$24,840.00	009-072-044-000	\$4,068.00
009-023-009-000	\$3,246.00	009-072-045-000	\$1,412.72
009-023-022-000	\$2,635.00	009-073-013-000	\$6,752.68
009-024-046-000	\$792.00	009-073-016-000	\$15,840.00
009-024-047-000	\$1,728.70	009-073-018-000	\$3,552.08
009-025-004-000	\$792.00	009-073-019-000	\$700.60
009-025-006-000	\$439.60	009-073-020-000	\$463.32
009-025-011-000	\$1,208.60	009-073-021-000	\$251.10
009-025-015-000	\$1,197.00	009-073-022-000	\$251.10
009-025-017-000	\$1,244.20	009-073-023-000	\$2,809.80
009-025-018-000	\$5,974.38	010-035-026-000	\$1,368.62
009-026-005-000	\$1,603.60	010-035-033-000	\$27,000.00
009-026-006-000	\$1,864.08	010-035-036-000	\$1,239.60
009-026-008-000	\$5,694.98	010-044-008-000	\$2,809.30
009-026-009-000	\$1,648.00	010-044-010-000	\$593.56
009-026-010-000	\$645.00	010-044-015-000	\$963.64
009-026-011-000	\$1,230.20	010-044-019-000	\$6,203.00
		010-045-004-000	\$2,257.22
		010-045-005-000	\$4,839.44

DOWNTOWN SANTA ROSA CBD – ASSESSMENT ENGINEER’S REPORT

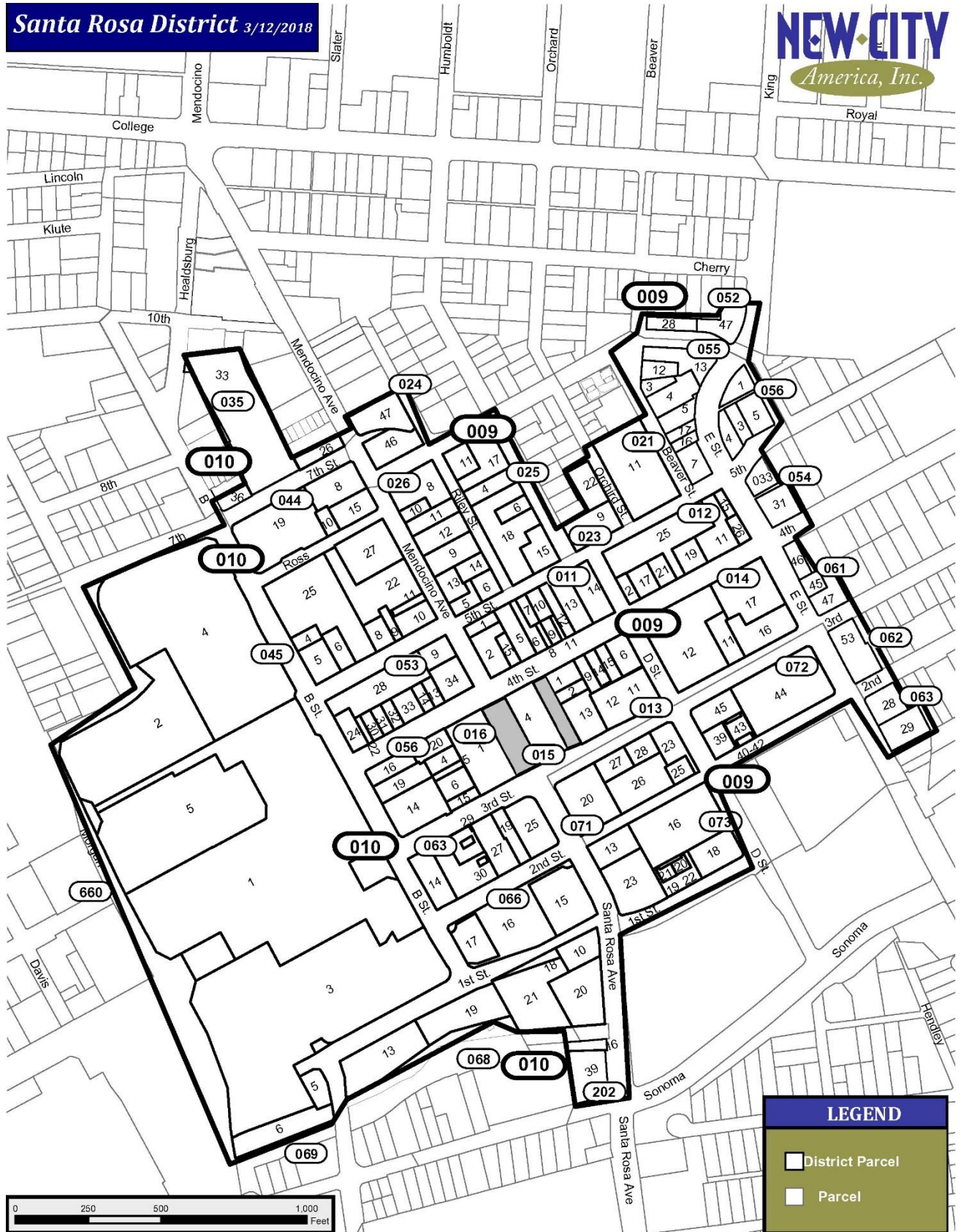
010-045-006-000	\$3,632.20	010-056-020-000	\$1,993.54
010-045-008-000	\$1,373.40	010-063-014-000	\$2,949.44
010-045-009-000	\$1,568.12	010-063-019-000	\$4,923.80
010-045-010-000	\$4,655.40	010-063-025-000	\$3,384.38
010-045-011-000	\$145.60	010-063-027-000	\$10,431.42
010-045-022-000	\$1,263.10	010-063-029-000	\$0.00
010-045-025-000	\$5,040.00	010-063-030-000	\$903.00
010-045-027-000	\$7,368.92	010-066-015-000	\$10,130.92
010-053-009-000	\$4,360.86	010-066-016-000	\$25,920.00
010-053-013-000	\$1,316.00	010-066-017-000	\$7,597.76
010-053-014-000	\$712.18	010-068-010-000	\$959.78
010-053-022-000	\$686.00	010-068-013-000	\$3,022.66
010-053-024-000	\$3,208.00	010-068-018-000	\$900.52
010-053-028-000	\$2,304.00	010-068-019-000	\$4,948.42
010-053-030-000	\$1,316.00	010-068-020-000	\$8,036.50
010-053-031-000	\$1,410.00	010-068-021-000	\$757.94
010-053-032-000	\$782.40	010-069-005-000	\$771.52
010-053-033-000	\$2,587.20	010-069-006-000	\$558.88
010-053-034-000	\$5,816.74	010-202-016-000	\$314.54
010-056-004-000	\$3,011.60	010-202-039-000	\$1,212.18
010-056-005-000	\$608.16	010-660-001-000	\$61,837.72
010-056-006-000	\$2,416.00	010-660-002-000	\$0.00
010-056-014-000	\$5,477.52	010-660-003-000	\$19,223.68
010-056-015-000	\$777.50	010-660-004-000	\$0.00
010-056-016-000	\$3,458.66	010-660-005-000	\$13,180.72
010-056-019-000	\$544.64		

APPENDIX 2

DSRCBD BOUNDARY MAP

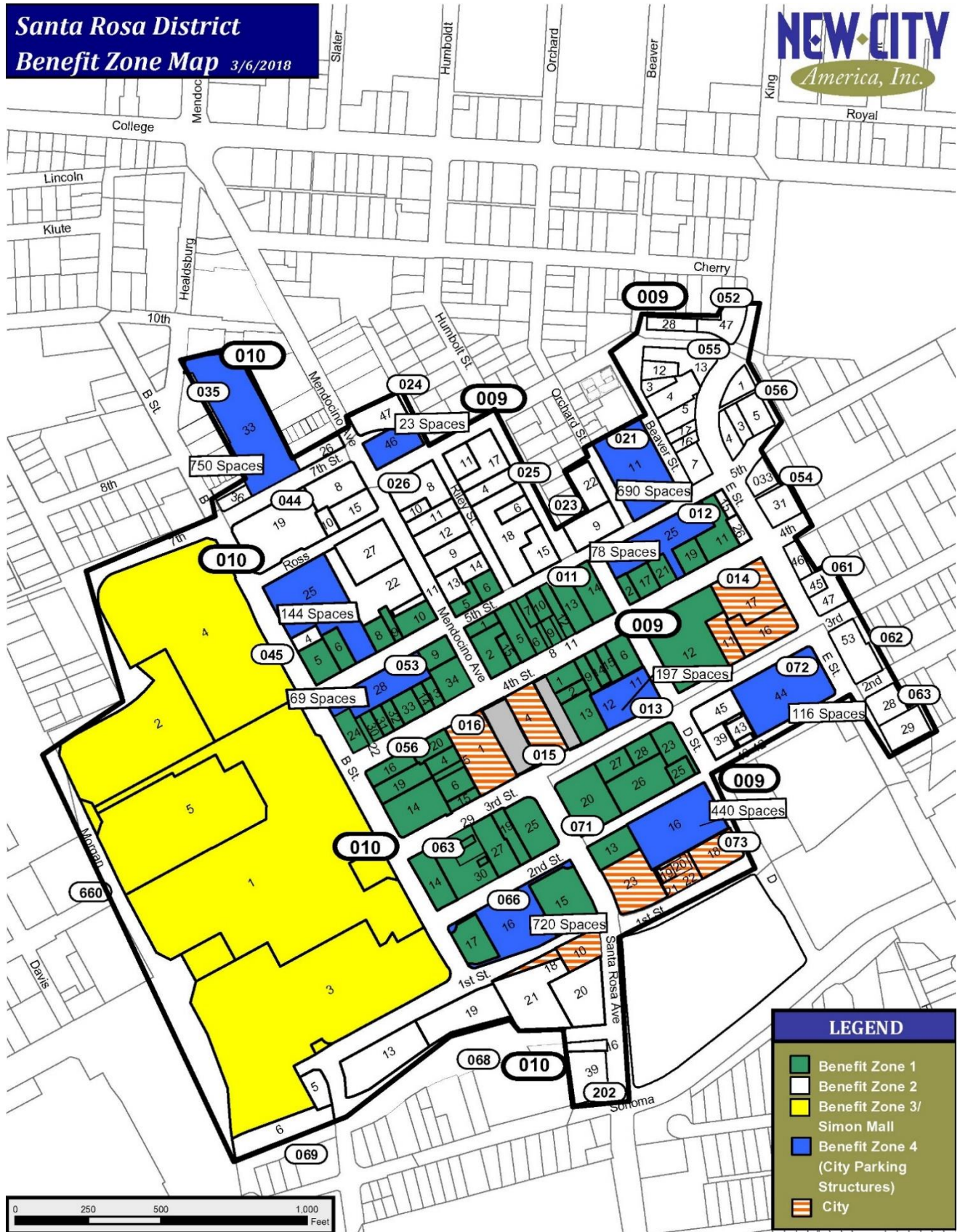
DOWNTOWN SANTA ROSA CBD – ASSESSMENT ENGINEER’S REPORT

Santa Rosa District 3/12/2018



DOWNTOWN SANTA ROSA CBD – ASSESSMENT ENGINEER’S REPORT

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





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



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

Table of Contents

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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%	\$ 18,645
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.

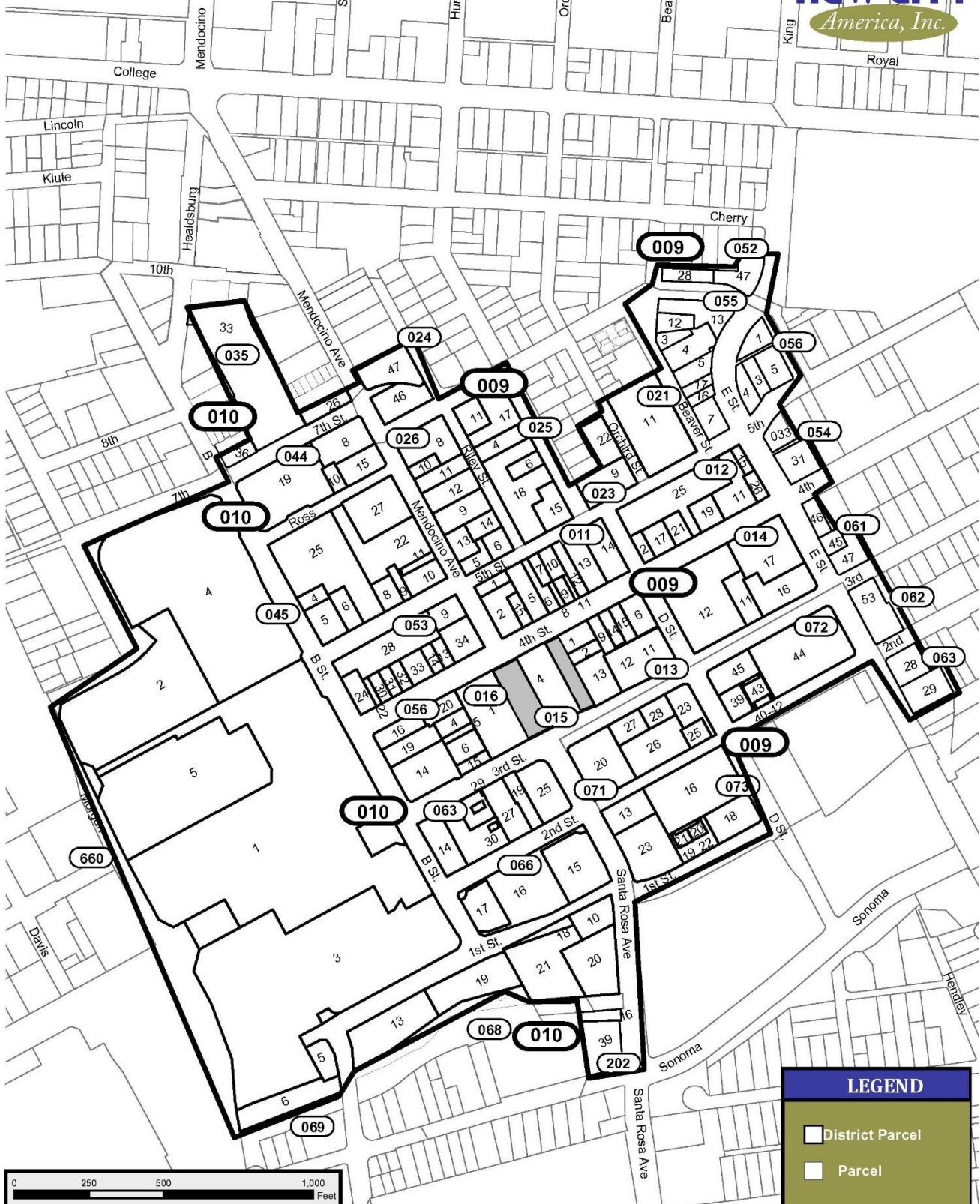
Section 2

Downtown Santa Rosa Community Benefit District Boundaries

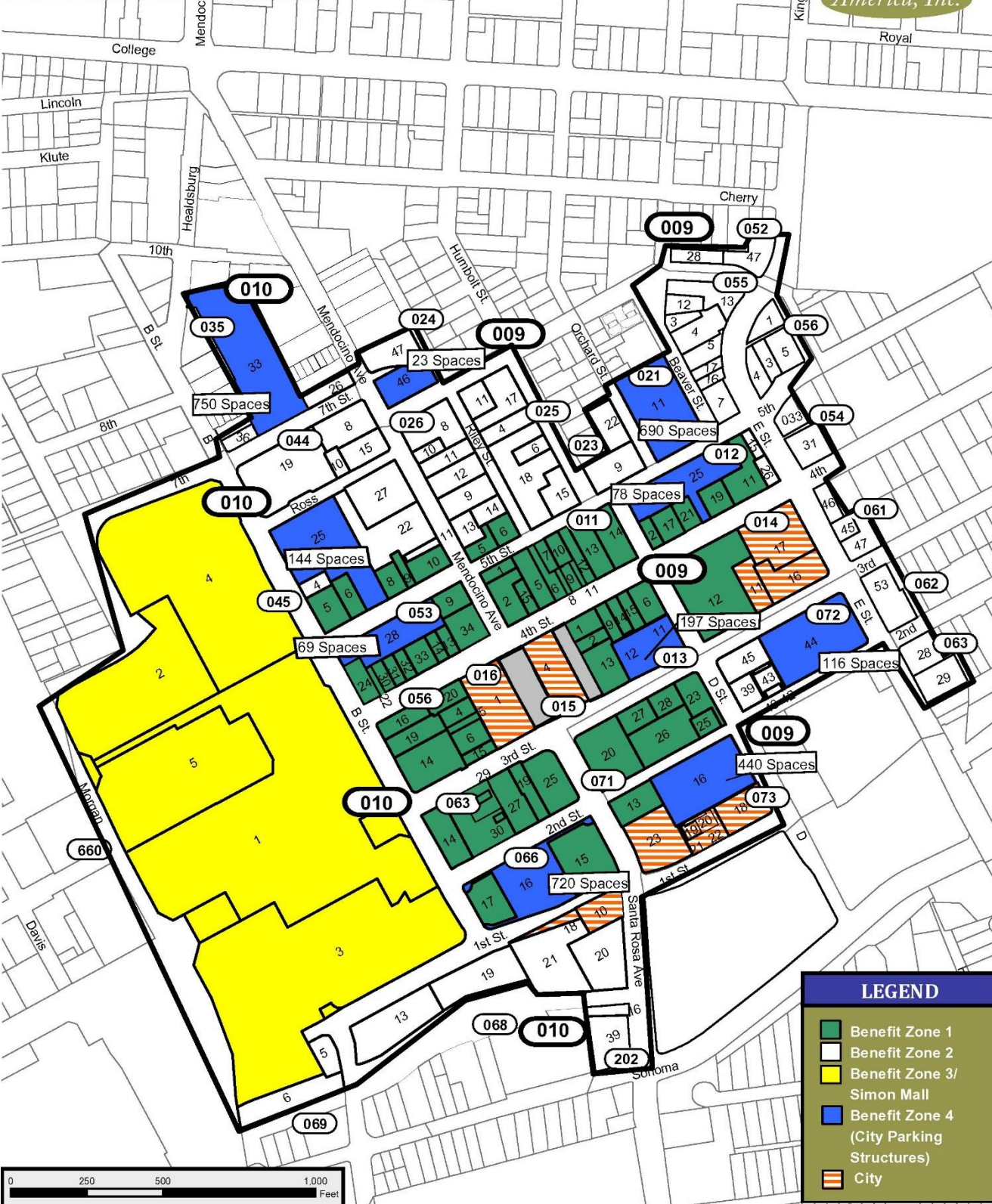
Boundaries:

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.

Benefits 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		