

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: RAFAEL RIVERO, ECONOMIC DEVELOPMENT SPECIALIST
PLANNING AND ECONOMIC DEVELOPMENT
SUBJECT: RESOLUTION 1) APPROVING THE HISTORIC RAILROAD
SQUARE ASSOCIATION AS THE MANAGEMENT
ORGANIZATION FOR THE RAILROAD SQUARE-SANTA ROSA
COMMUNITY BENEFIT DISTRICT, 2) APPROVING THE
RAILROAD SQUARE-SANTA ROSA COMMUNITY BENEFIT
DISTRICT MANAGEMENT AND DISBURSEMENT AGREEMENT,
3) INCREASING APPROPRIATIONS TO THE ECONOMIC
DEVELOPMENT GENERAL FUND, AND 4) AUTHORIZING THE
FINANCE DEPARTMENT TO DISBURSE ASSESSMENT FUNDS

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Planning and Economic Development Department that the Council, by resolution, 1) approve the Historic Railroad Square Association as the management organization for the Railroad Square-Santa Rosa Community Benefit District, 2) approve the Railroad Square-Santa Rosa Community Benefit District Management and Disbursement Agreement between the City of Santa Rosa and the Historic Railroad Square Association, 3) increase appropriation to the Economic Development General Fund by \$2,538.00 from unallocated General Fund monies, and 4) authorize the Finance Department to disburse the Community Benefit District assessment funds beginning with the year one assessment amount of \$173,304.04, which includes the City's assessment.

EXECUTIVE SUMMARY

The Railroad Square-Santa Rosa Community Benefit District (RS CBD) is the second assessment district resulting from CBD enabling Ordinance No. ORD-2018-004, adopted by unanimous vote of the City Council on March 20, 2018. Railroad Square area property owners in favor of forming a CBD met both the petition and ballot minimum threshold requirements, triggering Council's approval on November 19, 2019, of the Resolution of Formation and levying of assessments (RES-2019-173), thus creating the Railroad Square-Santa Rosa CBD.

RESOLUTION AUTHORIZING THE RAILROAD SQUARE-SANTA ROSA
COMMUNITY BENEFIT DISTRICT MANAGEMENT AND DISBURSEMENT
AGREEMENT BETWEEN THE CITY OF SANTA ROSA AND THE HISTORIC
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The Historic Railroad Square Association (RSA), made up of property and business owners from within the district boundaries, is a California non-profit public benefit corporation that was in existence prior to their CBD formation effort. The RSA has been reconfigured to be the district organization for the new Railroad Square-Santa Rosa CBD, bound by the Management District Plan and Engineer's Report that were approved through the Resolution of Formation. These documents provide the legal basis for the District, and describe and set forth the intended special benefits property owners within the District will receive and manage. The Management and Disbursement Agreement enables the coordination of the City's and RSA's activities necessary for the successful operation, administration and implementation of the District Plan and associated improvements, including how funds will be disbursed to the RSA.

This resolution supports the City Council goal to foster a strong downtown and overall economic development of the community.

BACKGROUND

Following the 2018 establishment of the CBD enabling ordinance and subsequent formation of the Downtown CBD, the RSA, which is a board of Railroad Square area property owners and merchants, initiated efforts to form their own assessment district. To guide their efforts and advise the City on process and procedures, the City retained the services of New City America, a leading assessment district consultant. Resulting from a successful petition submission, on September 10, 2019, the Council approved the Railroad Square CBD Management District Plan and Engineer's Report (RES-2019-141) which provides the legal basis for the District, and the implementation guidelines for the RSA.

As the RSA would be responsible for implementing the District Plan using the funds assessed and collected by the County of Sonoma through property tax bills, and disbursed to the RSA through the City (year one will be manually billed by the City), a management and disbursement agreement between the City and the RSA is required (Attachment 1).

Property within the District owned by the City of Santa Rosa is also assessed. The total four quarter district assessment is \$231,072.00, of which the City will pay \$3,384.00 from the General Fund for its City owned parcel within the district, equating to 1.5% of the District's total assessed value. Given the timing of the district formation, for 2020, properties will be assessed for quarters two, three, and four only, making the current year's assessment 75% of the total listed above, or \$173,304.04, of which the City portion is \$2,538.00.

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PRIOR CITY COUNCIL REVIEW

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

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

On September 10, 2019, Council approved by unanimous vote Resolution No. RES-2019-141, Resolution of Intent to establish the Railroad Square-Santa Rosa Community Benefit District.

On November 19, 2019, by unanimous vote, City Council passed Resolution No. RES-2019-173 authorizing the formation of the Railroad Square-Santa Rosa CBD and related Management District Plan and Engineer's Report.

ANALYSIS

With the establishment of the Railroad Square-Santa Rosa CBD (RS CBD), an annual assessment will be collected from each property owner starting in 2020. Because the district was established after the Assessor's Office filing deadline for collection through the County's property tax bills, the first year's assessment period consists of only three quarters of the year (April 1 through December 31, 2020), for which the City will conduct a manual billing. Thereafter, the County will collect the assessments, remitting those funds to the City, and the City will then release the funds to the RSA. The first year assessment revenue for the RS CBD is calculated to be \$173,304.04, of which the City's portion based on the type and location of the City's property within the District, is \$2,538.00. Next year when assessments will be collected for a full year, the total assessment revenue will be \$231,072.00, of which the City's portion is \$3,384.00.

To align with the Management District Plan, the RSA has made changes to their board of directors now that the RS CBD has been officially formed. These changes will be reflected in their revised bylaws, which will be discussed and voted on at their first official RS CBD meeting (Attachment 2). The bylaws sets the number of board of director members at a minimum of five and a maximum of seventeen, with at least two thirds of the directors consisting of owners of real property within the boundaries of the District, and the remaining one third consisting of community at large directors such as owners of businesses or residents within the District boundaries. The exact number of directors will be fixed by resolution by the Board and may be reviewed from time to time. A seat on the Board of Directors will be tied to the property owned or leased, not a specific individual elected. Noticing of board meetings will follow Brown Act requirements.

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Regarding the Management and Disbursement Agreement, the duties the RSA is expected to perform are described in the Management Plan (attached as Exhibit A to Attachment 1), as are the methods, details and means of performing the disbursement duties of District revenues. The RSA's disbursement duties may begin as soon as some or all of the first year assessments have been transferred by the City to the RSA, and would end if and when the district has been voted out through a mail ballot procedure of the CBD property owners (the standard assessment district disestablishment procedure), or upon early termination as set forth in the agreement where either party may terminate the agreement at any time upon a sixty day written notice, or by termination by default.

The City's responsibilities under this agreement are, in short, to coordinate the collection of the annual assessment in year one, and thereafter to coordinate collection with the County of Sonoma, and to disburse those funds to the RSA. The City also has the right to conduct reviews and/or audits of any assessment related data, and verify assessment data as compiled by any consultant, sub-consultant or other party hired by the RSA.

Among other things, the agreement requires the RSA to indemnify the City and obtain, pay for and maintain City required insurance to assume all responsibility for damages to property and injuries to persons which may arise out of or be caused by the RSA's performance of the agreement, by its subcontractors, or by anyone the RSA directly or indirectly employs.

FISCAL IMPACT

The initial General Fund expenditure is \$2,538.00, and subsequent annual General Fund expenditures are \$3,384.00. This is anticipated to be offset over time from an increase in district tax revenues. Funds must be appropriated into the Economic Development Fund 1100-080501 outside of the budget cycle for the 2020 payment, but will be incorporated into the annual budget cycle thereafter.

ENVIRONMENTAL IMPACT

The proposed actions are exempt from the provisions of the California Environmental Quality Act (CEQA) under section 15061(b)(3) in that there is no possibility that they may have significant effects on the environment. Furthermore, these activities are not a project under CEQA as defined in CEQA Guidelines section 15378 (b)(4) because they pertain to methods of creating government funding mechanisms or constitute other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

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BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

The Community Benefit District concept, enabling ordinance, and petition and ballot processes for the RS Community Benefit District were presented and discussed in the Downtown Subcommittee of the City Council, as well as at City Council. The RSA has always been a part of and/or referenced as the assumed management organization for the District. No action was taken at the subcommittee meetings.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 – Management and Disbursement Agreement By and Between the City of Santa Rosa and the Railroad Square Association
 - Exhibit A – Railroad Square-Santa Rosa CBD Management Plan
 - Exhibit B – CBD Ordinance
- Attachment 2 – Bylaws of the Railroad Square Association
- Resolution
 - Exhibit A (Bylaws of the Railroad Square Association)
 - Exhibit B (Management and Disbursement Agreement)

CONTACT

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