



Management District Plan

Downtown San Diego Property & Business Improvement District

Prepared pursuant to the Property and Business Improvement District Law of 1994,
Streets and Highways Code section 36600 et seq.



July 2015 – June 2025

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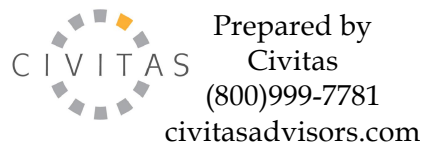
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February 9, 2015

I. Overview

The Downtown San Diego Property and Business Improvement District (District) is a benefit assessment district that began providing services to Downtown properties in 2000. The District's purpose is to provide improvements and activities which constitute and create a special benefit to assessed parcels. The District will reach the end of its current term in 2015.

Background: The District was formed pursuant to the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et. seq. (the 1994 Law). The 1994 Law allows districts to be formed and renewed for a maximum ten-year term. Because the current district will expire in 2015, this Plan has been prepared to renew it. The 1994 Law requires preparation of this Plan, submission of supportive petitions signed by property owners who will pay more than 50% of the assessment, and a city council hearing process. The District is also subject to the requirements of California Constitution Article XIII D, which requires preparation of an Engineer's Report (Section VII herein) and a ballot process in which there is no majority protest (a majority protest meaning a "no" vote by owners who returned more than 50% of the ballots, weighted by the amount each owner will pay in comparison to the total of the returned ballots).

Location: The District's approximate boundary encompasses the majority of downtown San Diego and generally includes parcels situated east of Pacific Highway, south of Ash Street from Pacific Highway to Front Street, south of I-5 from Front Street to 10th Avenue, south of Ash Street from 10th Avenue to Park Boulevard, and south of C Street from Park Boulevard, west of I-5, and north of Commercial and Harbor Drive. The District has been divided into benefit zones as described in Section III.

Purpose: The purpose of the renewed District is to provide activities and improvements which constitute and create a special benefit to assessed parcels. The District will provide maintenance, beautification, installations, disorder and nuisance abatement, business attraction and retention, and related administration directly and only to assessed parcels within its boundaries. All of the services are above and beyond those provided by local government agencies, and constitute and provide a special benefit to assessed parcels.

Budget: The total District assessment for the initial year of its ten-year operation is anticipated to be \$7,400,335.38. The assessment may be subject to an increase in assessment rates of no more than five percent (5%) per year. Assessment funding will be supplemented by non-assessment funds of



\$237,640.86 so that the annual service plan budget for the initial year is anticipated to be \$7,637,976.24. Bonds will not be issued by the District.

Cost: The proposed source of financing is a parcel assessment. The annual cost to the parcel owner is based on benefit zone, parcel or building square footage, and linear street front footage. The larger of either parcel or building size is utilized for parcels in Columbia, Core, Cortez, East Village, Gaslamp and Marina. The Commercial Enhancement Program (CEP) includes all parcels with a commercial building of over 50,000 square feet. The CEP assessment rate is based on building square footage. Assessment rates may be subject to an increase of no more than five percent (5%) per year.

Area	Initial Square Footage Rate (\$/sqft/yr)	Initial Linear Front footage Rate (\$/lin ft/yr)
Columbia	\$0.043 ¹	\$8.822
Core	\$0.047 ¹	\$9.915
Cortez	\$0.071 ¹	\$7.354
East Village	\$0.083 ¹	\$9.274
Gaslamp	\$0.237 ¹	\$30.854
Marina	\$0.078 ¹	\$11.037
CEP	\$0.035 ²	Not Assessed

¹Applied to the greater of either parcel square footage or building square footage
²Applied to building square footage

Duration: The renewed District will have a ten-year-life beginning July 1, 2015 and ending June 30, 2025. The assessment is levied for the same ten-year term starting July 1, 2015 through June 30, 2025. Prior to the expiration of the District, the petition, ballot, and City Council hearing processes must be repeated for the District to again be renewed.

Management: A nonprofit corporation, the Downtown San Diego Partnership (the "Partnership"), will serve as the Owners' Association. The Partnership will be responsible for implementing activities and improvements in accordance with this Management District Plan. The Partnership will provide annual reports to the City of San Diego pursuant to Streets and Highways Code section 36650.



II. History & Accomplishments

History

Clean and Safe is not just a slogan

-

it is mission.

For many years, property owners in Downtown San Diego struggled with a host of urban problems which exceeded the City's ability to provide services. Graffiti, trash, unkempt landscaping, homelessness; these all threatened to undermine the Downtown community and the property owners' ability to attract businesses, residents, and visitors.



In 2000, property owners decided to take the fate and future of Downtown into their own hands. They voted to establish the Downtown San Diego Property and Business Improvement District (District) to address the most pressing issues facing Downtown. The result was the Clean and Safe program. From trash and graffiti removal to improved landscaping to effectively addressing homelessness, the Clean

and Safe program has helped transform the Downtown experience.

The District's Clean and Safe program was such a success that in 2005 property owners overwhelmingly voted to renew the program for another 10 years.

But as Downtown has evolved and grown, so, too, has the District's Clean and Safe program. In preparation for this renewal, over 150 property owner meetings and a property owner survey were conducted. The results were clear. Over 95% of survey respondents indicated that they would be willing to continue paying into the District in order to receive these services. A significant majority, approximately 72%, indicated that beautification efforts were either "needed" or "very needed." Property owners throughout the District reported that they want a Downtown that is not only clean and safe but also one that is engaging with a unique sense of place.

The programs proposed in this renewal reflect both the results of extensive community outreach as well as the thoughtful analysis of the current and future needs of, and benefits to, Downtown properties. It looks to build on the success of the District's Clean and Safe operation in delivering a well-maintained Downtown through a variety of beautification and placemaking programs.

Accomplishments

Cleanliness Improvements

As Downtown continues to attract more residents, tourists and employees to the benefit of property owners, the need for cleaning services has increased. The District worked closely with property owners to examine and refine core services. In 2013, the District:

- Removed 22,067 pieces of graffiti
- Removed 1,153 tons of debris (a 141 ton increase from 2012)
- Swept 261,958 sidewalks and pressure washed 20,800 sidewalks
- Managed 176 doggy bag stations throughout Downtown
- Emptied curbside trash receptacles 266,549 times
- Installed new trash receptacles

Beautification & Desirability

A clean Downtown is only the beginning; throughout its history, the District has continually looked for additional ways to make Downtown beautiful. These efforts have helped make the District more desirable to property owners, their tenants and customers. In 2012-2013, the District:

- Planted more than 400 plants along C Street and Linear Park
- Planted more than 200 plants in the Columbia neighborhood
- Planted 180 trees to replace dead or missing trees
- Trimmed 1,634 regular trees and 357 palm trees
- Planted 200 natal plum trees on C Street
- Restored Children's Pond
- Painted 500 midblock light poles
- Restored the Gaslamp Quarter Arch, in cooperation with the Gaslamp Quarter Association
- Coordinated volunteer days to work with the community on enhancement efforts



Safety and Homelessness

A clean, attractive, and desirable Downtown will only stay that way if it is kept safe. To protect the investments in cleanliness and beautification, and to act as a deterrent to crime and nuisance behavior, the District funds security and nuisance abatement programs. In 2013:

- A 24 member safety patrol worked throughout the district (over 54,080 hours)
- 46,203 homeless contacts were made
- 13,495 business visits were made
- 5,194 intoxicated in public incidents were addressed
- Installed 10 donation stations to discourage panhandling and loitering
- Established a safety taskforce, safety network and safety hubs to coordinate efforts throughout Downtown
- Conducted weekly walkabouts to monitor and respond to needs
- Coordinated a multi-agency effort to end homelessness in Downtown

The services provided by the District are all above-and-beyond those provided by the City. If the District is not renewed, these services would not continue.

III. Boundaries

The District includes parcels in Downtown San Diego. To account for the varying levels of need for services, the District has been divided into six benefit zones. The Downtown San Diego Property and Business Improvement District boundaries are as follows:

Exterior Boundaries

Beginning at the northwest corner of the intersection of 10th Avenue and Date Street, south along the west edge of 10th Avenue, across Cedar Street, to Beech Street. Continuing south along the eastern boundary of parcels fronting the east edge of 9th Avenue to Ash Street. South, across Ash Street, then east along the south edge of Ash Street, across 10th Avenue, to the northeast corner of Assessor Parcel Number (APN) 5340430100 (Map ID 411). South along the eastern boundary of said parcel, then east along the northern boundary and south along the eastern boundary of APN 5340630100 (Map ID 435) to A Street. East along the north edge of A Street to 11th Avenue, then north along the east edge of 11th Avenue to the northwest corner of APN 5340710100 (Map ID 453). East along the northern boundary of said parcel, continuing east along the northern boundary of APNs 5340710200 and 5340710400 (Map IDs 454 and 456) to Park Boulevard. South along the west edge of Park Boulevard, across A Street and B Street, to C Street. East along the south edge of C Street, across Park Boulevard, 13th Street, 14th Street, 15th Street, and 16th Street, to 17th Street. South along the west edge of 17th Street, across Broadway and E Street, to F Street. East along the south edge of F Street, across 17th Street, to the northeast corner of APN 5351802300 (Map ID 1089). South along the eastern boundary of parcels fronting the east edge of 17th Street, across G Street, to Market Street. East along the south edge of Market Street to the northeast corner of APN 5351900800 (Map ID 1097). South along the eastern boundary of said parcel, then south along the eastern boundary of parcels fronting the east edge of 17th Street to the southeast corner of APN 5351901500 (Map 1102). South along the eastern boundary of said parcel to Island Avenue. South across Island Avenue, and continuing south along the eastern boundary of parcels fronting the east edge of 17th Street to the northeast corner of APN 5354010700 (Map ID 1225). South along the eastern boundary of said parcel to J Street. South across J Street, and south along the eastern boundary of parcels fronting the east edge of 17th Street to the southeast corner of APN 5354060200 (Map ID 1228). West along the southern boundary of said parcel to 17th Street, then south along the west edge of 17th Street, across K Street, to a point opposite the northwest corner of APN 5354120200 (Map ID 1230). East across 17th Street, continuing east along the northern boundary and south along the eastern boundary of said parcel, then continuing south along the eastern boundary of parcels fronting the east edge of 17th Street, across Imperial Avenue, to Commercial Street.

West along the north edge of Commercial Street, across 17th Street, 16th Street, 15th Street, and National Avenue, to 13th Street. Continuing west along the southern boundary of parcels fronting the south edge of Imperial Avenue to the southwest corner of APN 5380103300 (Map ID 1304). South along the eastern boundary and west along the southern boundary of APN 5380102300 (Map ID 1373), then southwest across the Transit

tracks to the northeast corner of APN 5355700900 (Map ID 1355). South along the eastern boundary of said parcel, and continuing south along the eastern boundary of APN 5355701500 (Map ID 1361) to the northeast corner of APN 5355701400 (Map ID 1360). Southeast across Private Drive to the northwest corner of APN 5380103200 (Map ID 1375), then southeast along the northern boundary of said parcel, and continuing southeast along the northern boundary of APN 5380103100 (Map ID 1374) to Harbor Drive. South and northwest along the north edge of Harbor Drive, across Private Drive, 6th Avenue, 5th Avenue, Union Street, and Columbia Street, to India Street. Southwest across Harbor Drive to the southeast corner of APN 5357003200 (Map ID 1364). West along the southern boundary of said parcel to Kettner Boulevard. Northwest across Harbor Drive, then continuing west along the north edge of Harbor Drive to Pacific Highway.

North along the east edge of Pacific Highway, across West G Street, West F Street, West E Street, and West Broadway, to West Ash Street. East along the south edge of West Ash Street, across California Street, Kettner Boulevard, India Street, Columbia Street, State Street, and Union Street, to Front Street. North along the east edge of Front Street, across West Ash Street, and West Beech Street, to West Cedar Street. East along the south edge of West Cedar Street to the west edge of 1st Avenue, then north across West Cedar Street to the southern corner of APN 5333660400 (Map ID 12). Northwest along the southwestern boundary of said parcel, and continuing northwest along the southwestern boundary of APN 5333660500 (Map ID 13) to Interstate 5. East along the south edge of Interstate 5, across 1st Avenue, 2nd Avenue, 3rd Avenue, 4th Avenue, 5th Avenue, 6th Avenue, and 7th Avenue, to Date Street, then east along the south edge of Date Street, across 8th Avenue and 9th Avenue, to 10th Avenue, the point of beginning.

Benefit Zone Boundaries

The DSDPBID will be divided into six benefit zones for District services:

- The “Columbia” benefit zone includes all parcels within the District boundaries west of Union Street and north of West E Street.
- The “Core” benefit zone includes all parcels within the District boundaries east of Union Street, south of West A Street/A Street, and north of:
 - West F Street between Union Street in the west and Front Street in the east;
 - West G Street/G Street between Front Street in the west and 4th Avenue in the east;
 - Broadway between 4th Avenue in the west and 6th Avenue in the east; and
 - E Street between 6th Avenue in the west and Park Boulevard in the east.
- The “Cortez” benefit zone includes all parcels within the District boundaries east of Union Street and north of West A Street/A Street.
- The “East Village” benefit zone includes all parcels within the District boundaries east of 6th Avenue and south of E Street, and also parcels within the District boundaries east of Park Boulevard and north of E Street.



- The “Gaslamp” benefit zone includes all parcels within the District boundaries south of Broadway east of 4th Avenue and west of 6th Avenue, and also parcels one-deep fronting the west edge of 4th Avenue between Market Street in the north and Island Avenue in the south.
- The “Marina” benefit zone includes all parcels within the District boundaries south of West E Street and west of Union Street; parcels within the District boundaries south of West F Street and west of Front Street; and parcels within the District boundaries south of West G Street/G Street and west of 4th Avenue, excluding parcels one-deep fronting the west edge of 4th Avenue between Market Street in the north and Island Avenue in the south.

IV. Service Plan

Service Plan

The renewed District will provide particular and distinct activities and improvements based on the priorities identified by property owners during over 150 property owner meetings, town halls and forums. These activities and improvements constitute and create a special benefit to assessed parcels. All of the activities and improvements are above and beyond those provided by local government agencies, are aimed to constitute and provide special benefits directly and only to assessed parcels, and will not be provided directly to the public-at-large or to non-assessed parcels inside or adjacent to the District boundaries. The services will generate some general benefit to the public-at-large and non-assessed parcels within and adjacent to the District boundaries, as detailed in the Engineer's Report in Section VII.

The frequency and level of activities and improvements provided to individual parcels were determined by property owners within each benefit zone through a series of over 150 property owner meetings held from October 2013 through July 2014. The frequency and level of activities and improvements will vary based on benefit zone, but will be consistent within each benefit zone. Those activities and improvements indicated as CEP-only will only be provided to CEP assessed parcels. Activities and improvements provided will include:

1. Maintenance

The purpose of the maintenance program is to create and maintain a clean, inviting, usable District for the purpose of conferring special benefit upon the assessed parcels. The distinct maintenance activities to be provided constitute and generate special benefits to assessed parcels.

Maintenance crews will regularly patrol and service the District. Maintenance crews will provide the following enhanced services:

- Remove debris and litter from sidewalks on a regular basis
- Power wash sidewalks at least monthly to remove accumulated spots and stains
- Remove gum on a regular basis
- Promptly remove graffiti on public property as needed, to eliminate visual blight and deter additional graffiti
- Clean and maintain medians as needed, including landscaping maintenance
- Maintenance and repair of enhanced brick and tile in the public right of way
- Management of doggy bag stations
- Maintain lights, including midblock lights, as needed
- Remove stickers and other debris from light poles, and paint light poles as needed to eliminate visual blight
- Regularly empty, clean, and repair public and District owned garbage cans

- Regularly trim trees to remove low-hanging and dangerous branches and promote growth and development of these key landscape features
- Maintain the Children’s Park water feature, including inspection of the basin, vacuuming and sweeping of the basin, removal of debris and maintaining the chemical balance and water quality
- Provide park maintenance for the park to be located on the block bound approximately by 13th Street, 15th Street, F Street, and G Street on a regular basis including landscaping maintenance (hereinafter “East Village Green Park”, although the actual name may change upon park opening)
- Maintenance of new physical improvements installed by the District

2. Installations and Beautification

New physical improvements will be installed throughout the District. Improvements will include trash cans, doggy bag stations, trees, outdoor seating in key thoroughfares, parklets, pedestrian plazas, cycling amenities, and placemaking. Funds may be used on the acquisition, construction, installation, or maintenance of these improvements.



Beautification efforts to make the District more useable and attractive will include installation of planter boxes and hanging baskets, decorative tree lights, and placemaking signage.

3. Disorder and Nuisance Abatement

Disorder and nuisance abatement programs will be provided directly to assessed parcels throughout the District. The goal of the program is to increase usability of assessed parcels and address issues which discourage property owners, tenants, and customers from visiting assessed parcels, ultimately constituting and conferring unique, special benefits upon assessed parcels.

Safety ambassadors will be deployed throughout the District on a regular schedule. The ambassadors will respond to issues, prevent and address instances of disorder, and address nuisance behavior that discourages patronage and tenancy on assessed parcels. Deployment schedules will be periodically evaluated to ensure that parcels’ needs are being met in the most effective, efficient manner possible. This program is intended to confer the special benefits of increased safety, usability, cleanliness, and commerce upon the assessed parcels within the District.

An integrated outreach team will be utilized to address chronic issues and prevent their reoccurrence. The purpose of the outreach team is to reduce nuisance behavior and disorder by addressing the individuals on assessed parcels who engage in nuisance

behavior and create disorder, both of which are detrimental to the parcels' commercial viability. This is intended to confer the special benefits of increased safety, usability, cleanliness, and commerce upon the assessed parcels within the District.

Commercial Enhancement Program (CEP) Parcels

In addition to the standard disorder and nuisance abatement services, the Commercial Enhancement Program (CEP) parcels will receive further services. These services are unique to the CEP parcels and are funded by the CEP assessment. To aid in business retention and recruitment efforts, the CEP will provide additional street disorder and nuisance abatement services for the purpose of conferring special benefit upon assessed properties in the CEP. Because of their unique characteristics as described in the Engineer's Report in Section VII, these properties differ from standard properties in their benefit from disorder and nuisance abatement services. These initiatives will aim to address issues of low-level disorder and nuisance behavior on CEP parcels. These issues discourage business tenants and customers, detracting from the parcel owners' ability to engage in commercial activities on the parcel. Low-level disorder and nuisances to be abated include loitering, panhandling, sleeping in entrances to buildings and sidewalks in front of CEP parcels, littering, harassment of tenants and customers, public intoxication, public urination, and similar behaviors by individuals which detract from the business being conducted on the CEP parcels. The goal will be to reduce the incidence of these behaviors on CEP parcels and confer a special benefit upon the CEP assessed parcels by creating a more inviting and accessible business environment for current and potential CEP tenants. This will be achieved by engaging available service providers to remove those engaged in disorderly behavior from, and prevent their returning to, the assessed parcels, for the purpose of conferring special benefit upon the assessed CEP properties. This program benefits the parcels directly due to increased security, increased attraction of commercial activity and increased cleanliness. To ensure efficient service provision, a program manager will assist CEP parcels in addressing these chronic and detrimental disorder and nuisance issues. The program manager will be hired specifically to manage this CEP program and will provide services only to CEP parcels for the purpose of conferring special benefit upon the assessed CEP parcels. Like the remaining programs, as determined in the Engineer's Report, a portion of this program will be paid for by non-assessment funds.

4. Business Attraction and Retention (CEP)

The business attraction and retention program will provide recruitment activities that are exclusively aimed at attracting business prospects looking to locate and/or grow in downtown buildings on parcels that fall only within the CEP. Comprehensive market information on downtown relative to the CEP will be researched, packaged and maintained. Specialized research will identify specific target business groups and niches that are most likely to locate within the buildings on parcels in the CEP. Program staff will work collaboratively with regional economic development agencies, the City of San Diego and the Civic San Diego Corporation (CSD) or its successor organization to coordinate and leverage business attraction efforts that encourage the occupancy of CEP buildings. Business retention efforts will be focused on developing relationships with CEP businesses through systematic, one-on-one outreach to assess their satisfaction with

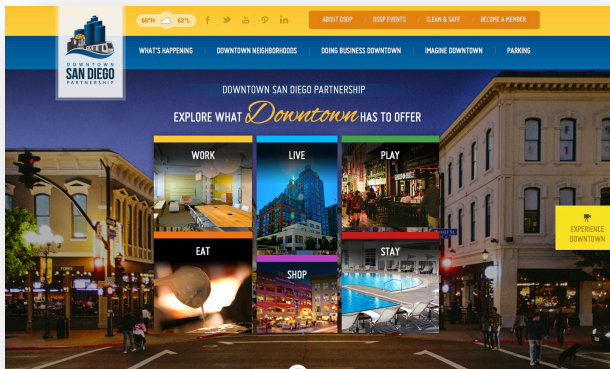
the urban environment and better understand the unique needs and concerns of the types of businesses located within buildings of 50,000 SF or greater in the CEP, as well as those of their employees. Efforts will be made to address challenges with the goal of renewing leases and retaining tenants for such CEP properties. The program will also include development of a CEP property and business database which will be utilized throughout all CEP recruitment and retention efforts, a top 50 tenants program, tenant outreach three years prior to lease expiration, and surveys of current and former downtown tenants. This program will be targeted specifically to tenants of CEP parcels, for the special benefit of CEP parcels. The purpose of this program is to increase occupancy rates, lease rates, and commerce on CEP parcels thus benefiting the assessed parcels.

Experience has indicated that a broader strategy is required to attract and retain tenants needed for buildings that are 50,000 SF or larger and fall within the CEP. The business attraction program will develop tools specifically aimed at creating a new revived image for office buildings that are at least 50,000 SF and fall within the CEP, including print and on-line, interactive tools featuring only CEP parcels to bolster recruitment and retention to CEP parcels. Tools will convey essential data that provides a complete picture of the downtown environment and economy and will document the case for why businesses would want to locate within these specific CEP buildings. The overall strategy will be to leverage the excitement, innovation and “buzz” arising from downtown's emergence as a regional attraction for sports, dining, entertainment and urban living. Tools will remain relatively dynamic to ensure that data is recent, and to provide the opportunity for individualized research for business prospects looking to locate within these specific CEP buildings. Potential tools include comprehensive market reports, an interactive website and searchable map of CEP properties, regular electronic communications highlighting the latest development and research news, and special events to keep lenders, brokers and businesses up-to-date with news related to properties with at least 50,000 building SF located within the CEP.

5. Operations and Administration

Operations and administrative efforts related to service provision will be undertaken by the Owners’ Association. Operations and administration will include a comprehensive

electronic work order system to streamline services to parcels, training, office space, office supplies, insurance, legal and auditing, uniforms, website, training, administrative staffing, and other general operations and administrative items.

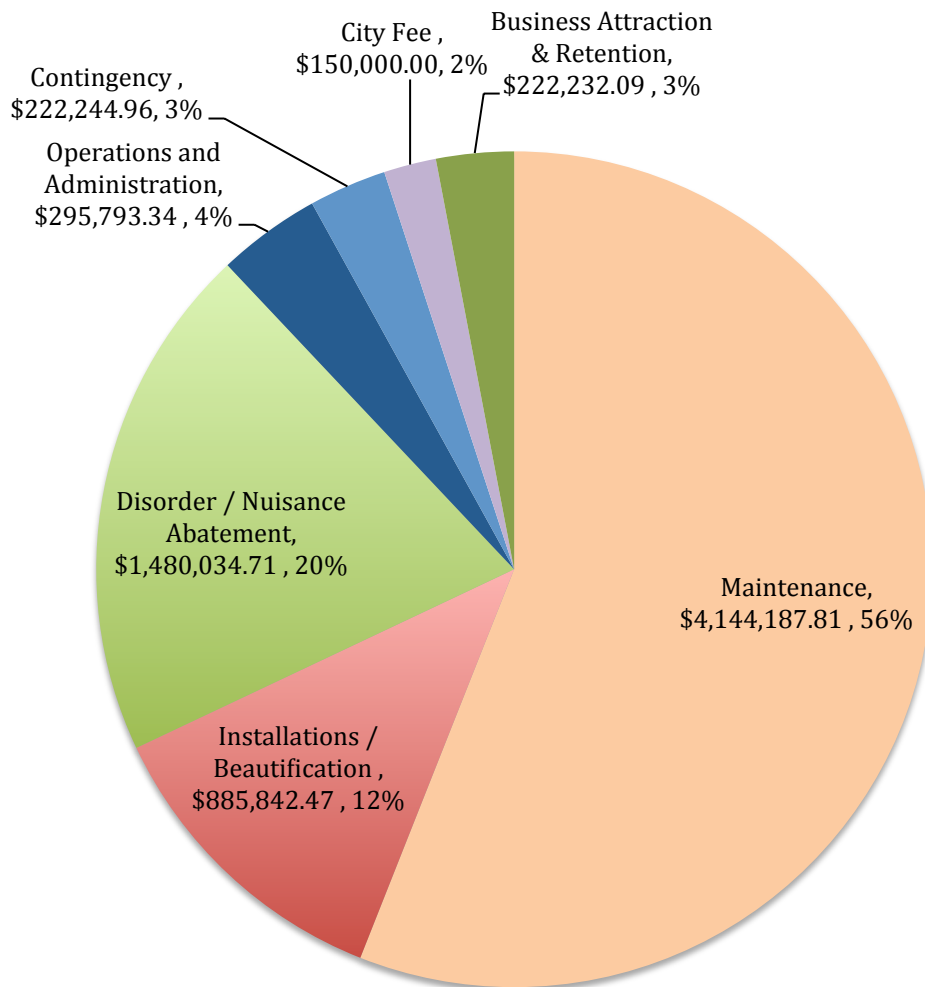


V. Budget

Expenditures

The special benefit assessment budget, which will be funded by assessment dollars, for the initial year of the district's 10-year term is \$7,400,335.38. The assessment budget will be supplemented by non-assessment funding of \$237,640.86, per the general benefit analysis conducted by the Engineer. The total program budget, including assessment and non-assessment funds, is \$7,637,976.24.

FY 2016 Assessment Expenditures



Maximum Cost of Improvements and Activities

The estimated maximum cost of improvements and activities for each year of the District is shown below. Further detail can be found in Appendix 5.

Year	Assessment Funds	Non-Assessment Funds	Total
2015-2016	\$7,400,335.38	\$237,640.86	\$7,637,976.24
2016-2017	\$7,770,352.15	\$249,522.90	\$8,019,875.05
2017-2018	\$8,158,869.76	\$261,999.05	\$8,420,868.81
2018-2019	\$8,566,813.24	\$275,099.00	\$8,841,912.24
2019-2020	\$8,995,153.91	\$288,853.95	\$9,284,007.86
2020-2021	\$9,444,911.60	\$303,296.65	\$9,748,208.25
2021-2022	\$9,917,157.18	\$318,461.48	\$10,235,618.66
2022-2023	\$10,413,015.04	\$334,384.55	\$10,747,399.59
2023-2024	\$10,933,665.79	\$351,103.78	\$11,284,769.57
2024-2025	\$11,480,349.08	\$368,658.97	\$11,849,008.05

Total Amount Proposed to be Expended

The estimated total amount proposed to be expended in each year of operation is below. The improvements, maintenance, and activities to be provided in the first year are described in Section IV. The same improvements, maintenance, and activities are proposed for subsequent years. Notwithstanding the foregoing, East Village Green Park maintenance will not be provided in the initial year because the Park is not yet open. Maintenance will be provided once the Park is open. East Village Green Park maintenance accounts for \$50,000 of the maintenance budget, which will not be assessed until the Park is open. This change does not represent a significant change in the total amount to be expended due to the fact that it is less than one percent (1%) of the budget.¹ Further detail can be found in Appendix 6.

Year	Assessment Funds	Non-Assessment Funds	Total
2015-2016	\$7,400,335.38	\$237,640.86	\$7,637,976.24
2016-2017	\$7,770,352.15	\$249,522.90	\$8,019,875.05
2017-2018	\$8,158,869.76	\$261,999.05	\$8,420,868.81
2018-2019	\$8,566,813.24	\$275,099.00	\$8,841,912.24
2019-2020	\$8,995,153.91	\$288,853.95	\$9,284,007.86

¹ Streets and Highways Code section 36622(e)



Year	Assessment Funds	Non-Assessment Funds	Total
2020-2021	\$9,444,911.60	\$303,296.65	\$9,748,208.25
2021-2022	\$9,917,157.18	\$318,461.48	\$10,235,618.66
2022-2023	\$10,413,015.04	\$334,384.55	\$10,747,399.59
2023-2024	\$10,933,665.79	\$351,103.78	\$11,284,769.57
2024-2025	\$11,480,349.08	\$368,658.97	\$11,849,008.05

Budget Development

The budget was developed by the Partnership and renewal steering committee. It is based on property owner input received via surveys, group meetings, and individual meetings. The total cost of services was determined based on the cost of past service provision, quotes for additional services, and cost estimates for physical improvements. Please see the budget in Appendix 5 for service costs that was used to develop the service budget herein and resulting assessment amount. The total budget, \$7,637,976.24, reflects the estimated maximum cost of, and total annual amount proposed to be expended for, the improvements, maintenance, and activities proposed for the initial year of operation of the district. A similar amount applies to subsequent years, with the exception of the East Village Green Park expenditure of \$50,000 which is expected to begin in fiscal year 2017-2018. The annual assessment budget, \$7,400,335.38, reflects the entirety of the special benefit portion of the capital cost of the improvements, maintenance, and operation expenses. No debt service is contemplated.

Adjustments

The annual costs of service provision may fluctuate over the term of the District depending on the market cost of those services. In order to account for such fluctuations in the costs of providing services and to meet the evolving needs of the District, the Owners' Association may annually adjust the categorical allocations by no more than fifteen percent (15%) of the total budget. Funds must be spent on services provided within the zone from which they were collected; funds from one zone may not be reallocated to provide services in another zone. Adjustments shall be made only to effectuate the efficient provision of services and respond to changing service costs or needs. Any adjustments will be reflected in the annual report. The Owners' Association may establish a program reserve in addition to the contingency, to account for unexpected costs or revenues.

In the initial year, the costs of renewing the District may be repaid in accordance with the reimbursement agreement between the City of San Diego and the Partnership. Such costs shall not exceed \$250,000 and shall be proportionally allocated among all budget categories and Benefit Zones.

In the event of a legal challenge against the District and/or the Owners' Association, up to three percent (3%) of the annual assessment collected may be used for non-budgeted costs of defending the District and/or the Owners' Association, subject to the following



sentence. Notwithstanding the foregoing, any non-budgeted expenses related to a challenge against the District and/or Owners' Association which exceed three percent (3%) of the annual assessment must be approved by the City Council. Any amounts used for litigation defense shall be proportionally allocated among all budget categories and Benefit Zones.

Roll Over

Any funds not spent in the year in which they are collected may be rolled over into future years' budgets. Rolled-over funds may be spent within the category from which they originated, or they may be reallocated to another category provided the re-allocation is within the fifteen percent (15%) annual adjustment limitation. Rolled-over funds must be spent on services provided to the zone from which they were collected, they may not be rolled into another zone. Rolled-over funds will be reflected in the annual report.

City Fee

The City of San Diego will retain a portion of the assessment to cover its actual costs in collecting and administering the assessment. In the initial year the City's fee shall be \$150,000. Every fifth year, the City's cost of collection may be subject to an increase up to one-and-one-half-percent (1.5%) of the City fee. Any such increase must be approved by the Owners' Association and City Council.

Contingency / Uncollectable Assessments

The budget includes a prudent fiscal reserve to account for delinquent collections and unpaid assessments. The City shall retain three percent (3%) of the assessment collected as a contingency. At the end of each year, the City shall make available to the Owners' Association any contingency funds remaining in accordance with the procedures described in the Operating Agreement.

As the District nears the end of its ten-year term, if there are contingency funds remaining and property owners desire to renew the District, the remaining contingency funds may be used for the costs of renewing the District. Assessment funds may only be spent on the costs of renewing the District that pertain to parcels assessed under this Plan. If additional parcels are included in the renewed district, that portion of the cost shall be paid for separately. If parcels are removed in the renewed district, and there are remaining unspent funds attributable to those parcels, those parcels' portion of the contingency fund that would otherwise be used for renewal costs shall be refunded in proportion to the amount paid by each parcel.

Budget by Zone

Other than funds spent on district-wide services that cannot be allocated to a specific zone, assessment funds collected in each Benefit Zone may only be used to provide services to assessed parcels in that particular Benefit Zone, they may not be used to provide services in other Benefit Zones. This Plan recognizes that there will be services provided to the district at-large; those services will be paid for by revenue provided

from each zone. The table in Appendix 3 illustrates the categorical budget by Benefit Zone for the initial year of operation.

Estimated Annual Budget

The assessment rate and resulting budget may be subject to an increase of no more than five percent (5%) per year. The table below demonstrates the estimated annual maximum assessment budget for the full district based on the five percent (5%) annual increase, assuming that there are no changes to parcels which cause the total assessment to increase or decrease. If there are changes to the parcel square footage, building square feet, or linear front footage, the annual assessment budget may be slightly higher or lower than shown below as a result. The annual estimated maximum assessment, broken down by zone, is included in Appendix 4.

Fiscal Year	Total Annual Assessment
2015-2016	\$7,400,335.38
2016-2017	\$7,770,352.15
2017-2018	\$8,158,869.76
2018-2019	\$8,566,813.24
2019-2020	\$8,995,153.91

Fiscal Year	Total Annual Assessment
2020-2021	\$9,444,911.60
2021-2022	\$9,917,157.18
2022-2023	\$10,413,015.04
2023-2024	\$10,933,665.79
2024-2025	\$11,480,349.08



VI. Governance

Owners' Association

Streets and Highways Code section 36651 authorizes the City to contract with the Owners' Association named in this Plan, which must be a nonprofit corporation. The Downtown San Diego Partnership, a nonprofit corporation, shall serve as the Owners' Association. In the event of malfeasance or misappropriation of funds by the Partnership, the City may designate a different Owners' Association. If a different Owners' Association is designated, all references herein to abilities and responsibilities of the Partnership shall be deemed to refer to the Owners' Association.

The Partnership may contract with a nonprofit corporation ("Contracted Corporation") for guidance on implementation of the clean and safe program. The Partnership and any Contracted Corporation shall be responsive to the needs of property owners paying the District assessment. Any Contracted Corporation must meet all of the following requirements:

- A majority of the Board of Directors shall be owners, or the owners' authorized representative, of parcels paying the District assessment; and
- The Contracted Corporation shall act in compliance with its Bylaws and Articles of Incorporation; and
- The Board shall have members who represent each of the six benefit zones in the District in proportion to the amount of assessment paid by each benefit zone; and
- Except to the extent prohibited by law, the Board shall include at least one member who resides in the District but does not own any interest in or work for any business that is subject to the parcel assessment; and
- The Contracted Corporation's primary purpose shall be to provide clean and safe services in Downtown San Diego; and
- The Board shall include one representative of the Downtown San Diego Partnership; and
- The remaining members of the Board shall be individuals with an interest in the well-being of Downtown San Diego, who may be business owners or residents; and
- The Contracted Corporation shall have or obtain tax-exempt status under Internal Revenue Code section 501(c)(4) or (c)(6); and
- The Contracted Corporation shall be subject to the Brown Act and California Public Records Act, following the guidelines below.

Brown Act and Public Records Act

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 purpose². The Owners' Association is, however, subject to government regulations relating to transparency, namely the Ralph M. Brown Act and the California Public Records Act, when conducting District-related business and keeping District-related records. These regulations are designed to promote public accountability. The Owners' Association operates as a legislative body under the Ralph M. Brown Act (Government Code §54950 et seq.) when conducting District business. The Downtown San Diego Partnership will serve as the Owners' Association, thus meetings of the Partnership's Board and committees wherein District business is heard or conducted must be held in compliance with the public notice and other requirements of the Brown Act. The Owners' Association is also subject to the record keeping and disclosure requirements of the California Public Records Act for District-related records.

Notices of meetings given pursuant to the Brown Act will be posted in a publicly accessible location and on the corporation's website. The website will also include all non-confidential back-up materials provided to one or more board or committee members concerning one or more agenda items prior to the meeting.

Annual Report

The Partnership shall present an annual report at the end of each year of operation to the City of San Diego, pursuant to Streets and Highways Code section 36650. The annual report shall include the following:

1. Any proposed changes in the boundaries of the property and business improvement district or in any benefit zones or classification of property within the district;
2. The improvements and activities to be provided for that fiscal year;
3. An estimate of the cost of providing the improvements and the activities for that fiscal year;
4. The method and basis of levying the assessment in sufficient detail to allow each real property owner to estimate the amount of the assessment to be levied against his or her property for that fiscal year;
5. The estimated amount of any surplus or deficit revenues to be carried over from a previous fiscal year; and
6. The estimated amount of any contributions to be made from sources other than assessments levied pursuant to this Plan.

Online Records

The Owners' Association or any Contracted Corporation shall make available on its website the following documents. All documents will be posted within five business days of becoming available, and any changes to this information shall be made to the

² Streets and Highways Code section 36614.5

website not more than five business days after the Partnership or Contracted Corporation becomes aware of the change.

- Articles of Incorporation and any amendments thereto
- Bylaws and any amendments thereto
- Approved meeting minutes
- Meeting agendas and all non-confidential back up materials provided to one or more board or committee members concerning one or more agenda items prior to the meeting
- Tax returns, including any amendments thereto
- Any annual reports, annual audits, or financial disclosures
- Form 990 for Board members
- The name and latest physical work address, work telephone number, and email address for each Board member

Operating Agreement

The Partnership, as the Owners' Association, will enter into an Operating Agreement with the City of San Diego. The Operating Agreement shall include the following provisions (at a minimum) which shall be deemed to trump any other provisions in the Operating Agreement inconsistent therewith:

- "Contractor shall comply with the City of San Diego Living Wage Ordinance" starting July 1, 2015
- "Members of the Board and senior management will not be able to bid for or receive contracts from the Contractor/PBID"
- "Each and every website for the District or Contractor shall post: all regular meeting agendas and any non-confidential back-up materials; approved meeting minutes; Contractor's articles of incorporation or formation, including any and all amendments thereto; Contractor's bylaws, including any and all amendments thereto; any annual audits or financial disclosures, the Annual Report; contracts awarded in accordance with the Conflict of Interest and Procurement Policy for Nonprofit Corporations Contracting with the City of San Diego, which are \$35,000 or more, including a notation of the number of bidders for such contracts; Contractor's tax returns, including any and all amendments thereto; any and all determinations of Contractor's tax-exempt status by the Internal Revenue Service or the Franchise Tax Board; and any other information or materials required by the Operating Agreement to be posted on a website. All such items shall be posted not more than five business days after they become available. Social security numbers, employer identification numbers and other confidential information may be redacted from the posted materials."
- "Contractor shall not commingle in the same bank account (i) any funds it receives under this Agreement with (ii) any other funds that Contractor may receive (except for interest earned on funds on funds deposited in the account)."

VII. Engineer's Report

Prepared by Bennett Engineering Services

Introduction

Law

The Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq., (the 1994 Law) allows the establishment of assessment districts by the city for the purpose of providing improvements, maintenance, and activities that benefit real property³, including lighting facilities, decorations, parks, planting areas⁴, security, sanitation, graffiti removal, and street and sidewalk cleaning.⁵

To fund improvements, maintenance and activities, the 1994 Law allows for an assessment to be "levied on the basis of the estimated benefit to the real property within the property and business improvement district."⁶ Since the District assessments are levied on the basis of benefit, more particularly special benefit, they are not a tax and are therefore not governed by Article XIII A of the California Constitution.

The assessment will instead be imposed in accordance with the provisions of Article XIII D of the California Constitution. Article XIII D provides that "only special benefits are assessable"⁷, and requires the City to "separate the general benefits from the special benefits conferred on a parcel."⁸ Special benefits are a "particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large."⁹ Conversely, a general benefit is "derivative and indirect"¹⁰ and "conferred on real property located in the district or to the public at large."¹¹

Assessment law also mandates that "no assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."¹²

This report determines the total cost of the improvements and services, quantifies the general benefit accruing to the public-at-large and accruing to parcels adjacent to and within the District, and separates that amount from the special benefit accruing to the assessed parcels. The report also determines the proportionate special benefit derived by, and the cost of the improvements and services allocated to, each parcel.

³ Streets and Highways Code section 36601

⁴ Streets and Highways Code section 36610

⁵ Streets and Highways Code section 36613(e)

⁶ Streets and Highways Code section 36632(a)

⁷ Cal. Const., art. XIII D, § 4(a)

⁸ Ibid

⁹ Id, § 2(i)

¹⁰ *Tiburon v. Bonander* (2009) 180 Cal.App.4th 1057, 1077

¹¹ Cal Const., art XIII D § 2(i)

¹² Cal. Const., art. XIII D, § 4(a)

District Services and Improvements

The services and improvements to be provided by the District are supplemental services provided directly to assessed parcels, above and beyond those provided by the City of San Diego and other public agencies. The District's boundaries have been narrowly drawn to include only commercial, public, residential, industrial, and nonprofit parcels that receive a direct advantage from the improvements and services to be provided. Without the District, none of the services and improvements described in this Plan and Report would be provided. The District's services and improvements are "particular and distinct benefits to be provided only to the properties within the PBID, not to the public at large,"¹³ provide a "direct advantage"¹⁴ to each assessed parcel, and "affect the assessed property in a way that is particular and distinct from their effect on other parcels and that real property in general and the public at large do not share."¹⁵ "The services provided by the PBID are therefore special benefits,"¹⁶ or in other words, "the PBID's services themselves constitute special benefits to all of the assessed parcels."¹⁷ Further, the services and improvements to be provided will convey additional special benefits to the assessed parcels.

In addition to constituting a special benefit, each of the services and improvements to be provided will convey multiple special benefits to the assessed parcels.

Maintenance

The District's maintenance services will be provided along streets and sidewalks immediately adjacent to the assessed parcels. These services are not provided outside of the District; they have been "tied to particular parcels based on proximity...that reflect[s] a direct advantage enjoyed by [each] parcel."¹⁸ The service levels and frequency have been customized to each zone, to ensure they meet the needs of each parcel. Each assessed parcel will specially benefit from the maintenance services being provided throughout the District. The maintenance services will help make each of the assessed parcels clean, inviting, and usable - therefore, more desirable to existing and potential customers and tenants. For example, litter removal, sidewalk sweeping, and sidewalk power washing will make the parcels' access points cleaner, more inviting, and more usable to customers and tenants who will not have to dodge debris or get gum on their shoes as they enter a parcel. Fast graffiti removal will help prevent additional graffiti and ensure an inviting atmosphere. A clean, inviting, and usable atmosphere is a special benefit and encourages increased commerce, occupancy rates, and lease rates for the special benefit of the assessed parcels.

By providing a clean and usable environment, the maintenance services will also contribute to increased security throughout the District, specially benefitting the assessed parcels by deterring crime and nuisance behavior and reducing liability risk.

¹³ *Dahms v. Downtown Pomona* (2009) 173 Cal.App.4th 1201

¹⁴ *Tiburon v. Bonander* (2009) 180 Cal.App.4th 1057, 1077

¹⁵ *Silicon Valley Taxpayers v. Santa Clara County* (2008) 44 Cal.4th 431, 452

¹⁶ *Dahms v. Downtown Pomona* (2009) 173 Cal.App.4th 1201

¹⁷ *Ibid*

¹⁸ *Tiburon v. Bonander* (2009) 180 Cal.App.4th 1057, 1077

Installations and Beautification

The District's installations and beautification efforts will be provided along streets and in public spaces throughout the District. These services are not provided outside of the District; they have been "tied to particular parcels based on proximity...that reflect[s] a direct advantage enjoyed by [each] parcel."¹⁹ The service levels and frequency have been customized to each zone, to ensure they meet the needs of each parcel. The assessed parcels will specially benefit from these services as they will enjoy a unique and valuable proximity to the installations and beautification features which is particular and distinct and not shared by parcels outside the District.

The installations and beautification features will specially benefit the assessed parcels by making the District a more attractive, inviting, and usable place for existing and potential customers and tenants. They will contribute to a community identity via unique landscaping and décor. For instance, planter boxes and decorative tree lights will be installed throughout the District. The boxes and lights will give the District a more attractive, inviting atmosphere -more desirable to customers and tenants. A more attractive, usable, inviting, and ultimately desirable atmosphere is a special benefit and encourages increased pedestrian traffic, commerce, occupancy rates, and lease rates for the special benefit of the assessed parcels.

Disorder and Nuisance Abatement

The District's disorder and nuisance abatement services will be provided along streets and sidewalks immediately adjacent to the assessed parcels. These services have been "tied to particular parcels based on proximity...that reflect[s] a direct advantage enjoyed by [each] parcel."²⁰ These services are not provided outside of the District.

These services will confer special benefits upon the assessed parcels by making the District a cleaner, more attractive, inviting, and safer place to live, work and do business - ultimately, more desirable to existing and potential customers and tenants on the assessed parcels. The program will include ambassadors who will be deployed throughout the District to prevent instances of disorder and nuisance behavior that would otherwise negatively impact parcels by discouraging customers and tenants, increasing liability risk, and reducing usability. The District's services will make utilizing assessed parcels easier and safer, as customers and tenants will be less likely to suffer from panhandling and other nuisance behavior as they attempt to utilize the assessed parcels. The disorder and nuisance abatement patrols will complement the maintenance services in that they will deter nuisance behavior and help to prevent graffiti, littering, and similar blight on and adjacent to the assessed parcels. Parcels will receive the special benefits of the services being provided, plus increased safety, deterrence of crime and nuisance behavior, reduced liability risk, and increased ease of use.

¹⁹ *Tiburon v. Bonander* (2009) 180 Cal.App.4th 1057, 1077

²⁰ *Tiburon v. Bonander* (2009) 180 Cal.App.4th 1057, 1077

Business Attraction and Retention

Business attraction and retention services will be provided only to CEP parcels, and only those parcels are assessed for this service. By working directly with current and potential tenants of CEP parcels, this service will aim to provide the special benefits of increased occupancy and lease rates on the assessed parcels. Comprehensive market information will be developed and provided only to CEP parcel owners, which will be a special benefit. The market information will assist owners and brokers in leasing buildings on CEP parcels. Dedicated program staff will be provided to work with CEP parcel owners and assist them in their leasing efforts. These programs are a particular and distinct special benefit provided exclusively to CEP parcels.

Operations and Administration / City Fee / Contingency

To provide the special benefit services, a portion of the budget has been dedicated to related operations and administration, city fees, and a contingency fund. The operations and administration and city fees will specially benefit the assessed parcels in that they are necessary to collect and administer the assessment and provide the special benefit services and improvements. The contingency fund will be spent on services, improvements, and related costs that specially benefit the assessed parcels.

Separation of General and Special Benefits

Each of the proposed improvements and activities, and the associated costs and assessments within the District, were reviewed, identified, and allocated based on special and general benefits pursuant to the law. The assessment has been apportioned based on the proportional special benefits conferred to the assessed parcels located within the District boundaries as determined below.

General Benefit

Unlike special benefits, which are conferred directly and only upon assessed parcels, a general benefit is conferred on the general public or non-assessed parcels. Existing City and other public services, which are available to every person and parcel, everywhere within the City, are an example of a general benefit. Although the District's boundaries have been narrowly drawn, programs have been carefully designed to provide special benefits, and services will only be provided directly to assessed parcels, it is acknowledged that there will be general benefits as a result of the District's services.

The California Constitution mandates that "only special benefits are assessable, and an agency shall separate the general benefits from the special benefits."²¹ "Generally, this separation and quantification of general and special benefits must be accomplished by apportioning the cost of a service or improvement between the two and assessing property owners only for the portion of the cost representing special benefits."²² The first step necessary to separate the general and special benefits provided by the District's

²¹ Cal. Const., art XIII D § 4(a)

²² *Golden Hill v. San Diego* (2011) Cal.App.4th 416

services is to identify and quantify the general benefits. General benefits include benefits to the public-at-large within the District, and non-assessed parcels within and surrounding the District.

General Benefit to the Public-at-Large

The public-at-large within the District will receive general benefits as an indirect result of the services being provided directly to assessed parcels. State law indicates that “Activities undertaken for the purpose of conferring special benefits upon property to be assessed inherently produce incidental or collateral effects that benefit property or persons not assessed.”²³ However, “the mere fact that special benefits produce incidental or collateral effects that benefit property or persons not assessed does not convert any portion of those special benefits or their incidental or collateral effects into general benefits.”²⁴ Further, “the value of any incidental or collateral effects that arise from the improvements, maintenance or activities of a property-based district and that benefit property or persons not assessed shall not be deducted from the entirety of the cost of any special benefit or affect the proportionate special benefit derived by each identified parcel.”²⁵ Thus, although there may be some incidental benefit to persons using the assessed parcels, that incidental benefit is not considered a general benefit because it is inherently produced by activities that provide special benefits to the assessed parcels.

Intercept Survey

To quantify the general benefit to the public-at-large, an intercept survey was undertaken²⁶. The survey asked pedestrians in the District a series of questions designed to determine their link to parcels and the relative general benefit to the public-at-large. The survey was based on the various parties’ expertise and a review of surveys conducted in similar districts. The survey was prepared by this Engineer, the Downtown San Diego Partnership, and the PBID renewal consultant.

To obtain a representative sample, the survey was conducted throughout the District, in all benefit zones and on several days at several different times of day. The total target sample of 600 was stratified to ensure representation across all benefit zones. The target sample size for each zone was based on the number of blocks within each zone and the proportion of assessment paid by property owners for the same zone using the following steps.

1. The total number of blocks in each zone was recorded.
2. The proportion of blocks was calculated.
3. The proportion of assessments paid by property owners was determined for each zone.
4. The proportion of blocks in each zone was applied to the overall target sample size of 600.

²³ Streets and Highways Code section 36601(h)(2)

²⁴ Ibid

²⁵ Streets and Highways Code section 36622(k)(2)

²⁶ Survey of the public suggested by the California Court of Appeal, Fourth District in Footnote 18 of *Golden Hill v. San Diego* (2011) Cal.App.4th 416

5. The proportion of assessments paid for each zone was applied to the overall target sample size of 600.
6. The average of items 4 and 5 was determined and applied to the total target sample size to determine the target sample size for each zone.

A map showing deployment of surveyors and a detailed description of survey dates and times are included in Appendix 8. The SANDAG Service Bureau provided guidance regarding survey administration and procedures. SANDAG supervised the survey collection and analyzed and quantified the results. SANDAG's report, including summary survey results, is attached in Appendix 8.

The survey asked visitors two primary questions that pertain to general benefit. The questions were designed to capture information on what brings people Downtown and what other activities they engage in as a result of their presence Downtown. First, respondents were asked what their primary purpose was for being in Downtown on that day. A series of options were given, from which respondents were able to choose answers that related to assessed parcels (such as shopping or dining), or answers that did not relate to assessed parcels (such as stroll or walk around for leisure). Then, respondents were asked how likely they were to engage in the same list of activities while in Downtown.

The answers that related to the assessed parcels are considered representative of special benefit, because the District's services are all ultimately intended to increase pedestrian traffic and commerce on the assessed parcels. The respondents who were not engaging in any business related to the assessed parcels are considered representative of general benefit because they are within the District and enjoying the clean, safe, inviting area, but do not have a connection to the assessed parcels. By benefit zone, the number of respondents who were considered general benefit varied from 0 to 3. For purposes of this calculation, the cumulative percentage across all benefit zones will be utilized. The cumulative percentage of respondents who were not engaging in any parcel-related business, and thus are considered general benefit, was 1.24%. This percentage was used to determine the value of the general benefit provided to the public-at-large, the first component of total general benefit.

Total General Benefit to the Public-At-Large

Based upon the previous evaluation, in this Engineer's professional estimation the total value of the general benefit provided to the public-at-large, the first component of total general benefit is \$94,710.91 ($\$7,637,976.24 * 1.24\%$).

General Benefit to Parcels Not Assessed

A study examining property values in PBID areas found "no evidence of spill-over impacts (either good or bad) on commercial properties located just outside the BID's boundaries."²⁷ Although they are only provided directly to assessed parcels, the "services specifically intended for assessed parcels concomitantly confer collateral

²⁷ Furman Center for Real Estate & Urban Policy; The Impact of Business Improvement Districts on Property Values: Evidence from New York City (2007) p. 4

general benefits to surrounding properties.”²⁸ It is reasonable to conclude that increased safety, cleanliness, ease of use, and attractiveness within the District will have a derivative and indirect impact on non-assessed parcels immediately adjacent to or within the District boundaries. Because services are provided only within the District and on its perimeter, parcels separated from the District by at least one intervening parcel or a physical feature that creates a major obstruction, such as freeways and railroad tracks, will not receive spill over benefits.

Because the frequency and intensity of services to be provided vary by benefit zone, the general benefit to parcels is examined separately for each zone. Because the services affect parcels as a whole, parcel square footage is an appropriate measure of the relative general benefit received by non-assessed parcels. The table below shows the sum of the total parcel square footage, in square feet, of assessed parcels within the District boundaries, non-assessed parcels within the District boundaries, and adjacent parcels outside the District boundaries.

Area	Total SqFt: Assessed Parcels	Total SqFt: Non-Assessed Parcels	Total SqFt: Adjacent Parcels
Columbia	1,559,903.0	127,230.0	251,515.5
Core	3,790,886.0	516.0	370,518.0
Cortez	1,785,739.0	0.0	61,257.5
East Village	6,889,044.0	100.0	539,301.0
Gaslamp	810,914.0	5,000.0	0.0
Marina	951,101.0	252,546.0	0.0
CEP	1,349,567.0	0.0	1,371,607.0

Maintenance / Installations & Beautification / Disorder & Nuisance Abatement

Maintenance, installations and beautification, and disorder and nuisance abatement services will be provided directly and only to the assessed parcels. Within each zone, services will be provided along both sides of each street, with parcels along each side receiving 50% of the benefit provided by the service.

To determine the amount of general benefit to adjacent parcels (those situated along the non-assessed side of the perimeter), we begin with the 50/50 standard ratio of benefit to each side of the street. Because the non-assessed side of the street will not be serviced, it will receive less than the standard 50% benefit. We estimate that one-half (50%) of the benefit to each side of the street is the services themselves, while the other half (50%) is as-a-result of the services. Further, we estimate that because the perimeter parcels will not be directly serviced, their benefit as a result of the services will be approximately one-half (50%) of that received by serviced parcels. It is therefore our professional estimation that the non-assessed side of the street will receive twelve and one half

²⁸ *Beutz v. Riverside* (2010) 184 Cal.App.4th 1516



percent (12.5%) of the standard benefit, created by these services provided to the perimeter of each zone (one-half of the 25% of the benefit as-a-result of the services).

Two zones, Columbia and Cortez, are adjacent to the Little Italy Maintenance Assessment District (MAD). The MAD provides maintenance services to the parcels that are immediately adjacent to the District. Because these parcels are already being serviced, it is our estimation that they will receive less general benefit from the District's services. It is our professional estimation that the general benefit to parcels adjacent to the Columbia and Cortez zones will be equal to ten percent (10%) of the standard benefit.

The non-assessed parcels within the District are surrounded by assessed parcels. The streets and sidewalks immediately adjacent to the non-assessed parcels will not be serviced; however, the opposite sides of the street and opposite sidewalk will be serviced. It is therefore our professional estimation that the non-assessed parcels within the District receive a general benefit equal to one-quarter (25%) of the special benefit received by the assessed parcels.

Business Attraction & Retention

The business attraction and retention services are entirely directed at improving the CEP parcels within the District. These services are completely localized to the CEP parcels. Because the surrounding parcels do not share the common characteristics of the CEP parcels, these services will impact the CEP parcels in a manner that is particular and distinct. It is, however, reasonable to conclude that there will be a minor, derivative and indirect benefit to CEP-adjacent parcels via the increased exposure the CEP will provide. Because these services are not provided along streets, it is our estimation that the adjacent parcels will receive less general benefit from the CEP programs than from other activities and improvements, but equal to ten percent (10%) of the standard benefit.

Operations and Administration/City Fee/Contingency

The operations and administration, city fee, and contingency budget items all relate to the services and improvements to be provided. These costs have been allocated proportionally based upon the special and general benefit provided by each category. The assessable amount of these costs attributable to maintenance, installations and beautification, and disorder and nuisance abatement, has been reduced to account for the general benefit to parcels from those services.

Total General Benefit to Parcels

Based upon the previous evaluation, in this Engineer's professional estimation, the total value of the general benefit provided to adjacent and non-assessed parcels within the District, the second component of total general benefit is shown below.

Service	General Benefit to Parcels
Maintenance	\$69,507.09
Installations & Beautification	\$15,062.25
Disorder & Nuisance Abatement	\$20,790.85
Business Attraction & Retention	\$22,586.14
Operations and Administration	\$2,905.17
City Fee	\$7,896.51
Contingency	\$4,181.94
Total	\$142,929.95

Total General Benefit

Based upon the previous evaluation, in this Engineer's professional estimation, the total value of the general benefit provided to the public-at-large and adjacent and non-assessed parcels within the District is shown below.

Service	General Benefit to Public-At-Large	General Benefit to Parcels	Total General Benefit
Maintenance	\$52,905.85	\$69,507.09	\$122,412.94
Installations & Beautification	\$11,311.48	\$15,062.25	\$26,373.73
Disorder & Nuisance Abatement	\$18,843.90	\$20,790.85	\$39,634.75
Business Attraction & Retention	\$3,073.86	\$22,586.14	\$25,660.00
Operations and Administration	\$1,919.83	\$2,905.17	\$4,825.00
City Fee	\$3,813.04	\$7,896.51	\$11,709.55
Contingency	\$2,842.95	\$4,181.94	\$7,024.89
TOTAL	\$94,710.91	\$142,929.95	\$237,640.86

For purposes of this analysis we have used the highest reasonable percentages in estimating the amount of general benefit. The total general benefit to the public-at-large and non-assessed parcels is 3.11% ($\$237,640.86 / \$7,637,976.24$) of the service budget.

Non-Assessment Funding

The programs provided with District funding receive additional non-assessment funding in the form of grants, corporate sponsorships, and other miscellaneous funds. These funding sources shall be equal to or exceed the amount of general benefit conferred annually by the District's services (\$237,640.86). These non-assessment funds will be used to pay for the general benefit provided by the proposed services, ensuring that parcel assessments will only be used to provide special benefits. Every assessment dollar spent shall be matched by the corresponding general benefit funding required.

Special Benefit

The services to be provided by the District constitute and convey special benefits directly to the assessed commercial, public, residential, industrial, and nonprofit parcels. Assessment law requires that “the proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided.”²⁹ Further, “no assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel.”³⁰

To determine the total special benefit value to be conveyed to the assessed parcels, we separate the general benefit value from the total value of the services and improvements. The total value of the services and improvements to be provided, after deducting the value of the general benefit, is \$7,400,335.38 (the “Total Assessment”). The Total Assessment represents the total value of the special benefit to be provided by the services. The Total Assessment has been proportionally divided among the assessed parcels so that no assessment exceeds the reasonable proportional special benefit conferred on a parcel. The assessment rate has been designed to ensure that “properties that receive the same proportionate special benefit pay the same assessment.”³¹

Non-Assessed Parcels

There are 71 parcels within the District that will not be assessed. These parcels are neither commercial, nor non-exclusive residential, industrial, nonprofit, or public parcels and will not specially benefit from or directly receive the District’s services and improvements. These parcels are accounted for in the analysis of general benefit provided to non-assessed parcels within the District. These parcels have the following uses:

- Miscellaneous Special / Agricultural (2): These parcels are zoned special / miscellaneous, with an agricultural use code. They are areas with no commercial activity.
 - APN 5340320412: This parcel is a small portion of the roof of a building. The roof is not usable space and the remainder of the roof is not parcelized. The building’s lot size and square footage are accounted for in another parcel number.
 - APN 5340320410: This parcel does not have a tax bill or size information on record with the County Assessor. It is entirely contained within another parcel.
- APN 5335441300: This parcel does not have a zoning or use code on file with the County assessor.
- Special recreational (1): This parcel is zoned as a recreational area with no commercial activity. APN 53570050000: This parcel does not have a lot or building size and is entirely contained within another parcel.

²⁹ Cal. Const., art XIII D § 4(a)

³⁰ Ibid

³¹ *Tiburon v. Bonander* (2009) 180 Cal.App.4th 1057, 1077

- Easement: APN 5353471300: This parcel is the roof of a building. It is not a useable or occupiable roof space, rather it is populated with machinery. This is an open space easement rather than an actual parcel of land.
- Road or alleyway/Sidewalk (66): These assessor’s parcel numbers are specially created for a few of the roads and alleyways within the district. The vast majority of the roads and alleyways within the District are not parcelized, meaning they have no parcel number. These parcels are not assessed because they have no commercial activity on them and are only used as thoroughfares to access the assessed parcels.

Special Benefit by Benefit Zone

First, the Total Assessment was allocated to six benefit zones as shown in the map in Appendix 10. The boundaries of each benefit zone were narrowly drawn to include all parcels that receive a direct advantage from the same level of services and improvements. Each benefit zone will receive a different level of services based on the needs and conditions in that zone, and historic service allocations to that zone. The benefit zones ensure that “properties that receive the same proportionate special benefit pay the same assessment.”³² Because the frequency and quantity of services and improvements directly relate to the cost of the services and improvements, in this District “the relative cost of an improvement is a reliable measure of relative benefit conferred.”³³ For instance, the Core zone has higher pedestrian and vehicle traffic than the Cortez zone, and thus will benefit from more frequent and intense services; and the CEP services will only be provided to and benefit parcels meeting the CEP criteria.

The special benefit values for each benefit area were determined by subtracting the value of general benefit from the total service cost in each area (which total service cost is based on service levels). The special benefit value allocated to each area is:

Area	Special Benefit
Columbia Zone	\$537,764.11
Core Zone	\$1,408,768.57
Cortez Zone	\$686,920.59
East Village Zone	\$2,360,077.66
Gaslamp Zone	\$1,269,110.54
Marina Zone	\$765,565.89
CEP Parcels	\$372,128.02
TOTAL	\$7,400,335.38

Special Benefit to Each Parcel

To determine the proportional special benefit received by each parcel, the special benefit value for each benefit zone and CEP parcels was apportioned among the parcels in the respective benefit area. The apportionment to parcels is based on two factors: Size

³² *Tiburon v. Bonander* (2009) 180 Cal.App.4th 1057, 1077

³³ *Ibid*



Assessment (based upon the greater of parcel or building size) and Front Footage Assessment (based upon the linear footage of the parcel fronting streets).

Size Assessment

The greater of the parcel square footage or the building square footage occupying a parcel is used to allocate the Size Assessment. This portion of the assessment relates to the potential pedestrian, visitor, resident, and employee capacity of the parcel. A small parcel with a large building will have a similar potential capacity to a large parcel with a small building, thus the greater of the two numbers is used to ensure that parcels which receive the same special benefit pay the same assessment.

Because many of the District’s services relate to the parcel as a whole and are designed to increase the number of people using each parcel, it is appropriate to use the greater of parcel or building size as a measure of proportional special benefit. In this Engineer’s professional estimation, approximately sixty percent (60%) of the services to be provided relate to the parcel as a whole, and therefore approximately sixty percent (60%) of the Total Assessment allocated to each benefit zone has been apportioned to individual parcels based on the greater of parcel or building size (the “Size Assessment”).

Parcel and building size data were obtained from records audited by the City of San Diego in 2013. The audited records were compared to assessor’s data to identify and incorporate parcel splits or mergers which impact the data.

To allocate the Size Assessment to each parcel, the total size for each benefit zone was determined (“Assessable Square Footage”). Then, the Assessable Square Footage was divided into approximately sixty percent (60%) of the special benefit service cost for that benefit area, as shown below. This yields the Size Assessment Rate applicable to each parcel.

Zone	60% of Service Budget		Assessable Square Footage (sqft)		Size Assessment Rate (\$/sqft)
Columbia	\$320,772.13	÷	7,459,817.00	=	\$0.043
Core	\$859,128.70	÷	18,279,334.00	=	\$0.047
Cortez	\$413,058.83	÷	5,817,730.00	=	\$0.071
East Village	\$1,422,323.61	÷	17,136,429.00	=	\$0.083
Gaslamp	\$759,567.46	÷	3,204,926.00	=	\$0.237
Marina	\$458,161.24	÷	5,873,862.00	=	\$0.078

Because the services provided to the CEP parcels are all building-related and designed to directly increase the occupancy of the building, parcels in the CEP are only assessed based on size; they are not charged a front footage rate. Therefore the Assessable Square Footage has been divided into the full special benefit value of the CEP services, as shown below.

Area	Service Budget		Assessable Square Footage (sqft)		Size Assessment Rate (\$/sqft)
CEP	\$372,128.02	÷	10,632,227	=	\$0.035



Front Footage Assessment

Linear front footage directly relates to the amount of services each assessed parcel will receive. For instance, sidewalk cleaning will occur on sidewalks adjacent to the assessed parcels. Linear front footage is thus an appropriate measure of the proportional special benefit each parcel will receive from services to be provided along the streets and sidewalks in the District. CEP parcels are not assessed linear front footage because services are provided to the CEP parcel as a whole.

Linear front footage is the length, in feet, of the side of the parcel adjacent to the street. Generally, corner parcels will have two sides adjacent to a street along which linear front footage is measured, while mid-block parcels have one side. Parcels which occupy an entire block will have linear frontage measured along all four sides. There are thirteen parcels within the District that do not have street front footage; these parcels are thus not assessed a Front Footage Assessment, which is commensurate with the benefit they receive as they will not have services provided to sidewalks and streets directly adjacent.

Linear front footage data was obtained from records audited by the City of San Diego in 2013. The audited records were compared to assessor’s data to identify and incorporate parcel splits or mergers which impact the data.

Approximately forty percent (40%) of the Total Assessment has been attributed to the linear front footage in each benefit zone. To allocate the front footage assessment to each individual parcel, the total front footage for each benefit zone was determined (“Assessable Front footage”). Then, approximately forty percent (40%) of the special benefit service budget for that zone was divided into the Assessable Front footage, as shown below. This yields the front footage rate applicable to each parcel.

Zone	40% of Service Budget		Assessable Front footage (lin ft)		Front footage Assessment Rate (\$/lin ft)
Columbia	\$216,985.91	÷	24,596.00	=	\$8.822
Core	\$549,638.03	÷	55,435.00	=	\$9.915
Cortez	\$273,862.96	÷	37,240.00	=	\$7.354
East Village	\$937,749.78	÷	101,116.00	=	\$9.274
Gaslamp	\$509,553.81	÷	16,515.00	=	\$30.854
Marina	\$307,402.52	÷	27,852.00	=	\$11.037

Assessment Rate

The assessment rate for parcels in each benefit area was determined following the apportionment method above. The assessment rates for the initial year of operation are shown in the table below. The maximum annual assessment rates are shown in Appendix 1.



Area	Initial Square Footage Rate (\$/sqft/yr)	Initial Linear Front footage Rate (\$/lin ft/yr)
Columbia	\$0.043 ¹	\$8.822
Core	\$0.047 ¹	\$9.915
Cortez	\$0.071 ¹	\$7.354
East Village	\$0.083 ¹	\$9.274
Gaslamp	\$0.237 ¹	\$30.854
Marina	\$0.078 ¹	\$11.037
CEP	\$0.035 ²	Not Assessed

¹Applied to the greater of either parcel square footage or building square footage

²Applied to building square footage

Public Parcels

The California constitution states, “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 assessments unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit.”³⁴ None of the public agencies which own property in the District’s boundaries have made such a demonstration. All of the publicly-owned parcels within the District boundaries, except for those that are of the non-assessed types previously discussed herein, will receive and specially benefit from the District’s services; therefore, they will pay the standard assessment rate applicable to their respective benefit zones.

Single Family Residential Parcels

The state legislature has determined that “properties zoned solely for residential use ... are conclusively presumed not to benefit from the improvements and service funded through these assessments, and shall not be subject to any assessments.”³⁵ The services and improvements to be provided are designed to specially benefit commercial, public, and high-density residential parcels via increased commerce, occupancy, and lease rates. None of these benefits apply to single-family residential parcels, which will not be serviced or benefit from the District’s activities. Single-family residential parcels are those that are zoned R-1 and have a use code of 11. There are currently no single-family, zoned exclusively residential parcels in the boundaries. Commercially zoned parcels with single family homes occupying them are not zoned solely for residential use and will be assessed because they have not been found by the legislature not to benefit. Condominium buildings and parcels, and parcels with multi-family residential units are not considered single-family residential and will be assessed as described below.

³⁴ Cal. Const., art XIII D § 4(a)

³⁵ Streets and Highways Code § 36632(c)

Condominiums

Condominium parcels in the district are not zoned exclusively for residential purposes, and will specially benefit from the District's services, thus they will be assessed and receive services. Each condominium is assessed based on its individual built square footage, as determined by the county assessor's records. The linear front footage assessment for individual condominiums has been calculated based on each parcel's proportional share of the linear front footage relative to the number of condominiums on the parcel.

Timeshares

Timeshare parcels in the district are not zoned exclusively for residential purposes, and will specially benefit from the District's services, thus they will be assessed and receive services. Timeshare buildings have been divided into parcel numbers which each represent one week of interest in the building³⁶. The linear front footage assessment for individual timeshares has been calculated based on each parcel's proportional share of the linear front footage relative to the number of timeshare parcel numbers on the parcel. Similarly, the square footage of each individual timeshare parcel number has been calculated based on the building size and number of timeshare units, to ensure that each owner pays their proportional share of the benefit.

Commercial Enhancement Program

The Commercial Enhancement Program (CEP) is comprised of parcels within the District that are occupied by a commercial building of at least 50,000 square feet, of which the majority (50%) is used for market rate leasable commercial office purposes.

Sample Parcel Calculation

Sample assessment calculations are provided in Appendix 2. For sample calculation purposes, the assessment rates for each area were applied to a hypothetical parcel of the same size. Assuming a 500 square foot parcel containing a 1,000 square foot building, and 100 linear feet of front footage yielded the amounts below. Because the building square footage is larger than the parcel square footage, the 1,000 building square feet, was used to calculate the assessment.

Zone	Sample Calculation Year 1 Assessment
Columbia	\$925.20
Core	\$1,038.50
Cortez	\$806.40
East Village	\$1,010.40
Gaslamp	\$3,322.40
Marina	\$1,181.70

³⁶ Per the San Diego County Assessor's Office



The sample parcel above would not be considered a CEP Parcel because it does not meet the building size criteria. A sample assessment calculation for a CEP parcel in the Core Zone is below.

Measurement	Sample Calculation Core Footage Assessment	Sample Calculation Core Front footage Assessment	Sample Calculation CEP Footage Assessment	Sample Calculation Total Assessment
25,000 parcel square feet	\$0.00	\$0.00	\$0.00	\$0.00
60,000 building square feet	\$2,820.00	\$0.00	\$2,100.00	\$4,920.00
2,000 linear front feet	\$0.00	\$19,830.00	\$0.00	\$19,830.00
TOTAL	\$2,820.00	\$19,830.00	\$2,100.00	\$24,750.00

Assessment Method

Bonds

The Downtown San Diego Property & Business Improvement District is not authorized to issue bonds.

Time and Manner of Collection

As allowed by state law, the District assessment will appear as a separate line item on annual property tax bills prepared by the County of San Diego. Parcels that do not receive property tax bills will receive a separate invoice from the City of San Diego. Property tax bills are generally distributed in the fall and payment is expected by lump sum or installment. The County of San Diego shall distribute funds to the City of San Diego, which shall contract with the Owners' Association and make funds available to the Owners' Association pursuant to the Operating Agreement. Existing laws for enforcement, appeal, and penalties on property taxes apply to the assessments and may be enforced by the County of San Diego or City of San Diego.

Assessment Notice

During the ballot process, an Assessment Notice and ballot will be sent to owners of record consistent with Government Code section 53753 of each parcel outlined in the District Boundary Description and Boundary Map and included in the Assessment Calculation Table. The Assessment Notice provides an estimated assessment based upon parcel square footage, building size, linear front footage, benefit zone, and parcel use. The final individual assessment for any particular parcel will be calculated using the methodology included in this Report, but may change, up or down, if the parcel characteristics differ from those found in the Assessment Calculation Table.

Engineer's Certification

I hereby certify, to the best of my knowledge and experience, that each of the identified assessed parcels located with the Downtown San Diego Property and Business Improvement District will receive a special benefit over and above the general benefits conferred and that the amount of the assessment is no greater than the proportional special benefits conferred on each assessed parcel, as described in this Engineer's Report.



Review of this Downtown San Diego Property and Business Improvement District Management District Plan and preparation of the Engineer's Report was completed by:

Orin N. Bennett, PE
State of California
Registered Civil Engineer No. 25169

Date

This Engineer's Report is intended to be distributed as part of the Management District Plan in its entirety, including the Boundary Description (Section III), the Assessment Calculation Table (Appendix 9), and the Boundary Map (Appendix 10). Reproduction and distribution of only Section VII of this Management District Plan violates the intent of this stamp and signature.



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Appendix 1 – Maximum Annual Assessment Rates

		2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025
CEP	Size	\$0.035	\$0.037	\$0.039	\$0.041	\$0.043	\$0.045	\$0.047	\$0.049	\$0.052	\$0.054
Columbia	Size	\$0.043	\$0.045	\$0.047	\$0.050	\$0.052	\$0.055	\$0.058	\$0.061	\$0.064	\$0.067
	Front footage	\$8.822	\$9.263	\$9.726	\$10.213	\$10.723	\$11.259	\$11.822	\$12.413	\$13.034	\$13.686
Core	Size	\$0.047	\$0.049	\$0.052	\$0.054	\$0.057	\$0.060	\$0.063	\$0.066	\$0.069	\$0.073
	Front footage	\$9.915	\$10.411	\$10.931	\$11.478	\$12.052	\$12.654	\$13.287	\$13.951	\$14.649	\$15.381
Cortez	Size	\$0.071	\$0.075	\$0.078	\$0.082	\$0.086	\$0.091	\$0.095	\$0.100	\$0.105	\$0.110
	Front footage	\$7.354	\$7.722	\$8.108	\$8.513	\$8.939	\$9.386	\$9.855	\$10.348	\$10.865	\$11.408
East Village	Size	\$0.083	\$0.087	\$0.092	\$0.096	\$0.101	\$0.106	\$0.111	\$0.117	\$0.123	\$0.129
	Front footage	\$9.274	\$9.738	\$10.225	\$10.736	\$11.273	\$11.836	\$12.428	\$13.049	\$13.702	\$14.387
Gaslamp	Size	\$0.237	\$0.249	\$0.261	\$0.274	\$0.288	\$0.302	\$0.318	\$0.333	\$0.350	\$0.368
	Front footage	\$30.854	\$32.397	\$34.017	\$35.717	\$37.503	\$39.378	\$41.347	\$43.415	\$45.585	\$47.865
Marina	Size	\$0.078	\$0.082	\$0.086	\$0.090	\$0.095	\$0.100	\$0.105	\$0.110	\$0.115	\$0.121
	Front footage	\$11.037	\$11.589	\$12.168	\$12.777	\$13.416	\$14.086	\$14.791	\$15.530	\$16.307	\$17.122

Appendix 2 – Sample Assessment Calculations

	COLUMBIA	CORE	CORTEZ	EAST VILLAGE	GASLAMP	MARINA
Footage Rate	\$0.043	\$0.047	\$0.071	\$0.083	\$0.237	\$0.078
	x	x	x	x	x	x
Footage	1000	1000	1000	1000	1000	1000
	=	=	=	=	=	=
Footage Assessment	\$43.00	\$47.00	\$71.00	\$83.00	\$237.00	\$78.00
Front footage Rate	\$8.822	\$9.915	\$7.354	\$9.274	\$30.854	\$11.037
	x	x	x	x	x	x
Front footage	100	100	100	100	100	100
	=	=	=	=	=	=
Front footage Assessment	\$882.20	\$991.50	\$735.40	\$927.40	\$3,085.40	\$1,103.70
Total Assessment*	\$925.20	\$1,038.50	\$806.40	\$1,010.40	\$3,322.40	\$1,181.70

*Total assessment = front footage assessment + footage assessment

Appendix 3 – Assessment Budget by Zone

	Columbia	Core	Cortez	CEP	East Village	Gaslamp	Marina	Category Total
Maintenance	\$334,061.81	\$762,594.74	\$439,429.73	-	\$1,348,130.05	\$776,951.63	\$483,019.85	\$4,144,187.81
Installations / Beautification	\$74,369.62	\$248,819.69	\$77,330.49	-	\$280,049.49	\$113,122.46	\$92,150.72	\$885,842.47
Disorder / Nuisance Abatement	\$82,603.21	\$284,618.85	\$110,839.62	\$80,121.35	\$528,744.16	\$267,793.28	\$125,314.24	\$1,480,034.71
Business Attraction & Retention	-	-	-	\$222,232.09	-	-	-	\$222,232.09
Ops & Admin	\$19,020.70	\$45,963.49	\$23,850.64	\$52,097.91	\$82,392.04	\$45,525.52	\$26,943.04	\$295,793.34
City Fee	\$11,118.05	\$26,866.76	\$13,941.27	\$7,554.20	\$48,160.11	\$26,610.76	\$15,748.85	\$150,000.00
Contingency	\$16,590.72	\$39,905.04	\$21,528.84	\$10,122.47	\$72,601.82	\$39,106.88	\$22,389.19	\$222,244.96
ZONE TOTALS	\$537,764.11	\$1,408,768.57	\$686,920.59	\$372,128.02	\$2,360,077.66	\$1,269,110.54	\$765,565.89	\$7,400,335.38

Appendix 4 – Total Annual Assessment by Zone

	Columbia	Core	Cortez	East Village	Gaslamp	Marina	CEP	TOTAL
2015 - 2016	\$537,764.11	\$1,408,768.57	\$686,920.59	\$2,360,077.66	\$1,269,110.54	\$765,565.89	\$372,128.02	\$7,400,335.38
2016 - 2017	\$564,652.32	\$1,479,207.00	\$721,266.62	\$2,478,081.54	\$1,332,566.07	\$803,844.18	\$390,734.42	\$7,770,352.15
2017 - 2018	\$592,884.93	\$1,553,167.35	\$757,329.95	\$2,601,985.62	\$1,399,194.37	\$844,036.39	\$410,271.14	\$8,158,869.76
2018 - 2019	\$622,529.18	\$1,630,825.72	\$795,196.45	\$2,732,084.90	\$1,469,154.09	\$886,238.21	\$430,784.70	\$8,566,813.24
2019 - 2020	\$653,655.64	\$1,712,367.00	\$834,956.27	\$2,868,689.15	\$1,542,611.79	\$930,550.12	\$452,323.93	\$8,995,153.91
2020 - 2021	\$686,338.42	\$1,797,985.35	\$876,704.08	\$3,012,123.60	\$1,619,742.38	\$977,077.63	\$474,940.13	\$9,444,911.60
2021 - 2022	\$720,655.34	\$1,887,884.62	\$920,539.29	\$3,162,729.78	\$1,700,729.50	\$1,025,931.51	\$498,687.14	\$9,917,157.18
2022 - 2023	\$756,688.11	\$1,982,278.85	\$966,566.25	\$3,320,866.27	\$1,785,765.98	\$1,077,228.09	\$523,621.49	\$10,413,015.04
2023 - 2024	\$794,522.51	\$2,081,392.79	\$1,014,894.57	\$3,486,909.59	\$1,875,054.28	\$1,131,089.49	\$549,802.57	\$10,933,665.79
2024 - 2025	\$834,248.64	\$2,185,462.43	\$1,065,639.29	\$3,661,255.07	\$1,968,806.99	\$1,187,643.97	\$577,292.70	\$11,480,349.08

Appendix 5 – Estimated Maximum Cost of Improvements and Activities

The estimated maximum cost of the line items below was developed based on the historic costs of providing services, the service area in each zone, and estimated costs of providing services in the renewed district. The costs below are estimated, the actual line item costs will fluctuate. The Owners’ Association may adjust the broader budget categories by up to fifteen percent (15%) of the total budget as detailed in Section V. There is no limitation on reallocation of funds by the Owners’ Association between individual line items; adjustments between the line items shown below are not part of the fifteen percent (15%) adjustment limitation.

Maintenance	CEP	Core	Columbia	Gaslamp	East Village	Cortez	Marina	Total
Maintenance Salaries & Wages	\$-	\$428,717.59	\$244,246.39	\$461,608.34	\$700,713.95	\$242,499.47	\$257,452.29	\$2,335,238.02
Program Management	\$-	\$4,809.57	\$1,990.30	\$4,763.74	\$8,621.40	\$2,495.70	\$2,819.29	\$25,500.00
Vehicle Insurance	\$-	\$4,526.65	\$1,873.23	\$4,483.52	\$8,114.26	\$2,348.90	\$2,653.45	\$24,000.00
General Liability Ins.	\$-	\$12,149.15	\$5,027.58	\$12,033.39	\$21,778.01	\$6,304.24	\$7,121.63	\$64,414.00
Cleaning & Janitorial Supplies	\$-	\$20,181.31	\$8,351.47	\$19,989.01	\$36,176.09	\$10,472.16	\$11,829.95	\$107,000.00
Landscaping Supplies	\$-	\$1,320.27	\$546.36	\$1,307.69	\$2,366.66	\$685.09	\$773.92	\$7,000.00
District Mailings / Web Services	\$-	\$908.16	\$375.82	\$899.51	\$1,627.92	\$471.25	\$532.35	\$4,815.00
Vehicle Repair & Maintenance	\$-	\$16,974.94	\$7,024.60	\$16,813.19	\$30,428.49	\$8,808.36	\$9,950.43	\$90,000.00
Vehicle Fuel	\$-	\$13,202.73	\$5,463.58	\$13,076.92	\$23,666.60	\$6,850.95	\$7,739.22	\$70,000.00
Waste Removal	\$-	\$12,108.79	\$5,010.88	\$11,993.41	\$21,705.65	\$6,283.30	\$7,097.97	\$64,200.00
Uniforms	\$-	\$1,614.51	\$668.12	\$1,599.12	\$2,894.09	\$837.77	\$946.40	\$8,560.00
Training	\$-	\$528.11	\$218.54	\$523.08	\$946.66	\$274.04	\$309.57	\$2,800.00
Rents / Leases	\$-	\$5,691.13	\$2,355.11	\$5,636.90	\$10,201.66	\$2,953.15	\$3,336.05	\$30,174.00
Equipment Leasing / Purchasing	\$-	\$6,601.36	\$2,731.79	\$6,538.46	\$11,833.30	\$3,425.47	\$3,869.61	\$35,000.00
Electric Services	\$-	\$6,357.11	\$2,630.71	\$6,296.54	\$11,395.47	\$3,298.73	\$3,726.43	\$33,705.00
Water Services	\$-	\$8,487.47	\$3,512.30	\$8,406.59	\$15,214.24	\$4,404.18	\$4,975.21	\$45,000.00
Workorder Device Services	\$-	\$3,583.60	\$1,482.97	\$3,549.45	\$6,423.79	\$1,859.54	\$2,100.65	\$19,000.00
Work Order System	\$-	\$5,111.34	\$2,115.18	\$5,062.64	\$9,162.36	\$2,652.30	\$2,996.18	\$27,100.00
Park Maintenance - East Village	\$-	\$7,259.48	\$4,736.63	\$7,097.69	\$15,016.11	\$7,136.45	\$8,753.64	\$50,000.00



Maintenance	CEP	Core	Columbia	Gaslamp	East Village	Cortez	Marina	Total
Powerwashing	\$-	\$139,356.00	\$-	\$148,176.00	\$304,080.00	\$89,040.00	\$89,250.00	\$769,902.00
Streetscape	\$-	\$28,836.48	\$13,382.68	\$20,168.28	\$53,044.13	\$8,413.16	\$11,795.07	\$135,639.79
Tree Trimming MTS	\$-	\$7,350.00	\$1,650.00	\$-	\$5,760.00	\$-	\$-	\$14,760.00
Tree Trimming Neighborhood	\$-	\$15,600.00	\$9,000.00	\$8,640.00	\$30,480.00	\$13,560.00	\$25,200.00	\$102,480.00
Tree Trimming Palm Trees	\$-	\$5,250.00	\$2,550.00	\$-	\$6,225.00	\$9,600.00	\$4,275.00	\$27,900.00
Water Feature	\$-	\$6,069.00	\$7,117.58	\$8,288.17	\$10,254.21	\$4,755.50	\$13,515.54	\$50,000.00
		\$762,594.74	\$334,061.81	\$776,951.63	\$1,348,130.05	\$439,429.73	\$483,019.85	\$4,144,187.81

Installations / Beautification	CEP	Core	Columbia	Gaslamp	East Village	Cortez	Marina	Total
Beautification/Placemaking	\$-	\$132,264.69	\$33,104.62	\$77,815.83	\$166,786.25	\$(5,131.78)	\$48,528.37	\$453,367.99
Program Management	\$-	\$2,404.78	\$995.15	\$2,381.87	\$4,310.70	\$1,247.85	\$1,409.64	\$12,750.00
General Liability Ins.	\$-	\$1,735.59	\$718.23	\$1,719.06	\$3,111.14	\$900.61	\$1,017.38	\$9,202.00
District Mailings / Web Services	\$-	\$454.08	\$187.91	\$449.75	\$813.96	\$235.62	\$266.17	\$2,407.50
Training	\$-	\$198.04	\$81.95	\$196.15	\$355.00	\$102.76	\$116.09	\$1,050.00
Rents / Leases	\$-	\$2,466.16	\$1,020.55	\$2,442.66	\$4,420.72	\$1,279.70	\$1,445.62	\$13,075.40
Salaries & Wages	\$-	\$24,427.50	\$25,608.79	\$24,194.74	\$43,787.61	\$66,926.09	\$14,319.00	\$199,263.72
Midblock Lighting	\$-	\$84,868.84	\$12,652.42	\$3,922.40	\$56,464.10	\$11,769.64	\$25,048.45	\$194,725.86
		\$248,819.69	\$74,369.62	\$113,122.46	\$280,049.49	\$77,330.49	\$92,150.72	\$885,842.47

Disorder and Nuisance Abatement	CEP	Core	Columbia	Gaslamp	East Village	Cortez	Marina	Total
Salaries & Wages	\$80,121.35	\$268,678.18	\$76,006.61	\$252,004.50	\$500,169.65	\$102,567.94	\$115,970.08	\$1,395,518.31
Program Management	\$-	\$4,809.57	\$1,990.30	\$4,763.74	\$8,621.40	\$2,495.70	\$2,819.29	\$25,500.00
General Liability Ins.	\$-	\$1,735.59	\$718.23	\$1,719.06	\$3,111.14	\$900.61	\$1,017.38	\$9,202.00
District Mailings / Web Services	\$-	\$908.16	\$375.82	\$899.51	\$1,627.92	\$471.25	\$532.35	\$4,815.00
Training	\$-	\$330.07	\$136.59	\$326.92	\$591.67	\$171.27	\$193.48	\$1,750.00
Rents / Leases	\$-	\$8,157.29	\$3,375.66	\$8,079.56	\$14,622.38	\$4,232.85	\$4,781.67	\$43,249.40
	\$80,121.35	\$284,618.85	\$82,603.21	\$267,793.28	\$528,744.16	\$110,839.62	\$125,314.24	\$1,480,034.71



Administration	CEP	Core	Columbia	Gaslamp	East Village	Cortez	Marina	Total
Audit & Accounting Services	\$-	\$4,036.26	\$1,670.29	\$3,997.80	\$7,235.22	\$2,094.43	\$2,365.99	\$21,400.00
Program Management	\$-	\$4,007.97	\$1,658.59	\$3,969.78	\$7,184.50	\$2,079.75	\$2,349.41	\$21,250.00
General Liability Ins.	\$-	\$1,735.59	\$718.23	\$1,719.06	\$3,111.14	\$900.61	\$1,017.38	\$9,202.00
Office Supplies	\$-	\$1,320.27	\$546.36	\$1,307.69	\$2,366.66	\$685.09	\$773.92	\$7,000.00
Postage & Mailing	\$-	\$201.81	\$83.51	\$199.89	\$361.76	\$104.72	\$118.30	\$1,070.00
District Mailings / Web Services	\$-	\$756.80	\$313.18	\$749.59	\$1,356.60	\$392.71	\$443.62	\$4,012.50
Payroll Services/Parking/Misc	\$-	\$5,658.31	\$2,341.53	\$5,604.40	\$10,142.83	\$2,936.12	\$3,316.81	\$30,000.00
Office Copier	\$-	\$968.70	\$400.87	\$959.47	\$1,736.45	\$502.66	\$567.84	\$5,136.00
Travel	\$-	\$207.47	\$85.86	\$205.49	\$371.90	\$107.66	\$121.62	\$1,100.00
Training	\$-	\$264.05	\$109.27	\$261.54	\$473.33	\$137.02	\$154.78	\$1,400.00
Rents / Leases	\$-	\$2,655.86	\$1,099.05	\$2,630.55	\$4,760.77	\$1,378.14	\$1,556.82	\$14,081.20
Electric Services	\$-	\$706.35	\$292.30	\$699.62	\$1,266.16	\$366.53	\$414.05	\$3,745.00
Telephones	\$-	\$504.53	\$208.79	\$499.73	\$904.40	\$261.80	\$295.75	\$2,675.00
Water Services	\$-	\$943.05	\$390.26	\$934.07	\$1,690.47	\$489.35	\$552.80	\$5,000.00
Legal Expense	\$-	\$1,131.66	\$468.31	\$1,120.88	\$2,028.57	\$587.22	\$663.36	\$6,000.00
IT Support	\$-	\$1,320.27	\$546.36	\$1,307.69	\$2,366.66	\$685.09	\$773.92	\$7,000.00
Admin - Salaries & Wages	\$-	\$19,544.51	\$8,087.95	\$19,358.28	\$35,034.60	\$10,141.72	\$11,456.67	\$103,623.73
CEP Program Management	\$52,097.91	\$-	\$-	\$-	\$-	\$-	\$-	\$52,097.91
	\$52,097.91	\$45,963.49	\$19,020.70	\$45,525.52	\$82,392.04	\$23,850.64	\$26,943.04	\$295,793.34

Other	CEP	Core	Columbia	Gaslamp	East Village	Cortez	Marina	Total
City Fee	\$7,554.20	\$26,866.76	\$11,118.05	\$26,610.76	\$48,160.11	\$13,941.27	\$15,748.85	\$150,000.00
Contingency	\$10,122.47	\$39,905.04	\$16,590.72	\$39,106.88	\$72,601.82	\$21,528.84	\$22,389.19	\$222,244.96
	\$17,676.67	\$66,771.80	\$27,708.77	\$65,717.64	\$120,761.93	\$35,470.11	\$38,138.04	\$372,244.96



CEP Exclusive	CEP
Business Attraction & Retention	\$74,225.42
Property Marketing	\$148,006.67
	<i>\$222,232.09</i>



Appendix 6 – Total Estimated Amount Proposed to be Expended

The estimated amounts proposed to be expended shown in the line items below were developed based on the historic costs of providing services, the service area in each zone, and estimated costs of providing services in the renewed district. The costs below are estimated, the actual line item costs will fluctuate. The Owners' Association may adjust the broader budget categories by up to fifteen percent (15%) of the total budget as detailed in Section V. There is no limitation on reallocation of funds by the Owners' Association between individual line items; adjustments between the line items shown below are not part of the fifteen percent (15%) adjustment limitation.

Maintenance	CEP	Core	Columbia	Gaslamp	East Village	Cortez	Marina	Total
Maintenance Salaries & Wages	\$-	\$428,717.59	\$244,246.39	\$461,608.34	\$700,713.95	\$242,499.47	\$257,452.29	\$2,335,238.02
Program Management	\$-	\$4,809.57	\$1,990.30	\$4,763.74	\$8,621.40	\$2,495.70	\$2,819.29	\$25,500.00
Vehicle Insurance	\$-	\$4,526.65	\$1,873.23	\$4,483.52	\$8,114.26	\$2,348.90	\$2,653.45	\$24,000.00
General Liability Ins.	\$-	\$12,149.15	\$5,027.58	\$12,033.39	\$21,778.01	\$6,304.24	\$7,121.63	\$64,414.00
Cleaning & Janitorial Supplies	\$-	\$20,181.31	\$8,351.47	\$19,989.01	\$36,176.09	\$10,472.16	\$11,829.95	\$107,000.00
Landscaping Supplies	\$-	\$1,320.27	\$546.36	\$1,307.69	\$2,366.66	\$685.09	\$773.92	\$7,000.00
District Mailings / Web Services	\$-	\$908.16	\$375.82	\$899.51	\$1,627.92	\$471.25	\$532.35	\$4,815.00
Vehicle Repair & Maintenance	\$-	\$16,974.94	\$7,024.60	\$16,813.19	\$30,428.49	\$8,808.36	\$9,950.43	\$90,000.00
Vehicle Fuel	\$-	\$13,202.73	\$5,463.58	\$13,076.92	\$23,666.60	\$6,850.95	\$7,739.22	\$70,000.00
Waste Removal	\$-	\$12,108.79	\$5,010.88	\$11,993.41	\$21,705.65	\$6,283.30	\$7,097.97	\$64,200.00
Uniforms	\$-	\$1,614.51	\$668.12	\$1,599.12	\$2,894.09	\$837.77	\$946.40	\$8,560.00
Training	\$-	\$528.11	\$218.54	\$523.08	\$946.66	\$274.04	\$309.57	\$2,800.00
Rents / Leases	\$-	\$5,691.13	\$2,355.11	\$5,636.90	\$10,201.66	\$2,953.15	\$3,336.05	\$30,174.00
Equipment Leasing / Purchasing	\$-	\$6,601.36	\$2,731.79	\$6,538.46	\$11,833.30	\$3,425.47	\$3,869.61	\$35,000.00
Electric Services	\$-	\$6,357.11	\$2,630.71	\$6,296.54	\$11,395.47	\$3,298.73	\$3,726.43	\$33,705.00
Water Services	\$-	\$8,487.47	\$3,512.30	\$8,406.59	\$15,214.24	\$4,404.18	\$4,975.21	\$45,000.00

Maintenance	CEP	Core	Columbia	Gaslamp	East Village	Cortez	Marina	Total
Workorder Device Services	\$-	\$3,583.60	\$1,482.97	\$3,549.45	\$6,423.79	\$1,859.54	\$2,100.65	\$19,000.00
Work Order System	\$-	\$5,111.34	\$2,115.18	\$5,062.64	\$9,162.36	\$2,652.30	\$2,996.18	\$27,100.00
Park Maintenance - East Village	\$-	\$7,259.48	\$4,736.63	\$7,097.69	\$15,016.11	\$7,136.45	\$8,753.64	\$50,000.00
Powerwashing	\$-	\$139,356.00	\$-	\$148,176.00	\$304,080.00	\$89,040.00	\$89,250.00	\$769,902.00
Streetscape	\$-	\$28,836.48	\$13,382.68	\$20,168.28	\$53,044.13	\$8,413.16	\$11,795.07	\$135,639.79
Tree Trimming MTS	\$-	\$7,350.00	\$1,650.00	\$-	\$5,760.00	\$-	\$-	\$14,760.00
Tree Trimming Neighborhood	\$-	\$15,600.00	\$9,000.00	\$8,640.00	\$30,480.00	\$13,560.00	\$25,200.00	\$102,480.00
Tree Trimming Palm Trees	\$-	\$5,250.00	\$2,550.00	\$-	\$6,225.00	\$9,600.00	\$4,275.00	\$27,900.00
Water Feature	\$-	\$6,069.00	\$7,117.58	\$8,288.17	\$10,254.21	\$4,755.50	\$13,515.54	\$50,000.00
		\$762,594.74	\$334,061.81	\$776,951.63	\$1,348,130.05	\$439,429.73	\$483,019.85	\$4,144,187.81

Installations / Beautification	CEP	Core	Columbia	Gaslamp	East Village	Cortez	Marina	Total
Beautification/Placemaking	\$-	\$132,264.69	\$33,104.62	\$77,815.83	\$166,786.25	\$(5,131.78)	\$48,528.37	\$453,367.99
Program Management	\$-	\$2,404.78	\$995.15	\$2,381.87	\$4,310.70	\$1,247.85	\$1,409.64	\$12,750.00
General Liability Ins.	\$-	\$1,735.59	\$718.23	\$1,719.06	\$3,111.14	\$900.61	\$1,017.38	\$9,202.00
District Mailings / Web Services	\$-	\$454.08	\$187.91	\$449.75	\$813.96	\$235.62	\$266.17	\$2,407.50
Training	\$-	\$198.04	\$81.95	\$196.15	\$355.00	\$102.76	\$116.09	\$1,050.00
Rents / Leases	\$-	\$2,466.16	\$1,020.55	\$2,442.66	\$4,420.72	\$1,279.70	\$1,445.62	\$13,075.40
Salaries & Wages	\$-	\$24,427.50	\$25,608.79	\$24,194.74	\$43,787.61	\$66,926.09	\$14,319.00	\$199,263.72
Midblock Lighting	\$-	\$84,868.84	\$12,652.42	\$3,922.40	\$56,464.10	\$11,769.64	\$25,048.45	\$194,725.86
		\$248,819.69	\$74,369.62	\$113,122.46	\$280,049.49	\$77,330.49	\$92,150.72	\$885,842.47



Disorder and Nuisance Abatement	CEP	Core	Columbia	Gaslamp	East Village	Cortez	Marina	Total
Salaries & Wages	\$80,121.35	\$268,678.18	\$76,006.61	\$252,004.50	\$500,169.65	\$102,567.94	\$115,970.08	\$1,395,518.31
Program Management	\$-	\$4,809.57	\$1,990.30	\$4,763.74	\$8,621.40	\$2,495.70	\$2,819.29	\$25,500.00
General Liability Ins.	\$-	\$1,735.59	\$718.23	\$1,719.06	\$3,111.14	\$900.61	\$1,017.38	\$9,202.00
District Mailings / Web Services	\$-	\$908.16	\$375.82	\$899.51	\$1,627.92	\$471.25	\$532.35	\$4,815.00
Training	\$-	\$330.07	\$136.59	\$326.92	\$591.67	\$171.27	\$193.48	\$1,750.00
Rents / Leases	\$-	\$8,157.29	\$3,375.66	\$8,079.56	\$14,622.38	\$4,232.85	\$4,781.67	\$43,249.40
	\$80,121.35	\$284,618.85	\$82,603.21	\$267,793.28	\$528,744.16	\$110,839.62	\$125,314.24	\$1,480,034.71

Administration	CEP	Core	Columbia	Gaslamp	East Village	Cortez	Marina	Total
Audit & Accounting Services	\$-	\$4,036.26	\$1,670.29	\$3,997.80	\$7,235.22	\$2,094.43	\$2,365.99	\$21,400.00
Program Management	\$-	\$4,007.97	\$1,658.59	\$3,969.78	\$7,184.50	\$2,079.75	\$2,349.41	\$21,250.00
General Liability Ins.	\$-	\$1,735.59	\$718.23	\$1,719.06	\$3,111.14	\$900.61	\$1,017.38	\$9,202.00
Office Supplies	\$-	\$1,320.27	\$546.36	\$1,307.69	\$2,366.66	\$685.09	\$773.92	\$7,000.00
Postage & Mailing	\$-	\$201.81	\$83.51	\$199.89	\$361.76	\$104.72	\$118.30	\$1,070.00
District Mailings / Web Services	\$-	\$756.80	\$313.18	\$749.59	\$1,356.60	\$392.71	\$443.62	\$4,012.50
Payroll Services/Parking/Misc	\$-	\$5,658.31	\$2,341.53	\$5,604.40	\$10,142.83	\$2,936.12	\$3,316.81	\$30,000.00
Office Copier	\$-	\$968.70	\$400.87	\$959.47	\$1,736.45	\$502.66	\$567.84	\$5,136.00
Travel	\$-	\$207.47	\$85.86	\$205.49	\$371.90	\$107.66	\$121.62	\$1,100.00
Training	\$-	\$264.05	\$109.27	\$261.54	\$473.33	\$137.02	\$154.78	\$1,400.00
Rents / Leases	\$-	\$2,655.86	\$1,099.05	\$2,630.55	\$4,760.77	\$1,378.14	\$1,556.82	\$14,081.20
Electric Services	\$-	\$706.35	\$292.30	\$699.62	\$1,266.16	\$366.53	\$414.05	\$3,745.00
Telephones	\$-	\$504.53	\$208.79	\$499.73	\$904.40	\$261.80	\$295.75	\$2,675.00
Water Services	\$-	\$943.05	\$390.26	\$934.07	\$1,690.47	\$489.35	\$552.80	\$5,000.00
Legal Expense	\$-	\$1,131.66	\$468.31	\$1,120.88	\$2,028.57	\$587.22	\$663.36	\$6,000.00
IT Support	\$-	\$1,320.27	\$546.36	\$1,307.69	\$2,366.66	\$685.09	\$773.92	\$7,000.00
Admin - Salaries & Wages	\$-	\$19,544.51	\$8,087.95	\$19,358.28	\$35,034.60	\$10,141.72	\$11,456.67	\$103,623.73



Administration	CEP	Core	Columbia	Gaslamp	East Village	Cortez	Marina	Total
CEP Program Management	\$52,097.91	\$-	\$-	\$-	\$-	\$-	\$-	\$52,097.91
	\$52,097.91	\$45,963.49	\$19,020.70	\$45,525.52	\$82,392.04	\$23,850.64	\$26,943.04	\$295,793.34

Other	CEP	Core	Columbia	Gaslamp	East Village	Cortez	Marina	Total
City Fee	\$7,554.20	\$26,866.76	\$11,118.05	\$26,610.76	\$48,160.11	\$13,941.27	\$15,748.85	\$150,000.00
Contingency	\$10,122.47	\$39,905.04	\$16,590.72	\$39,106.88	\$72,601.82	\$21,528.84	\$22,389.19	\$222,244.96
	\$17,676.67	\$66,771.80	\$27,708.77	\$65,717.64	\$120,761.93	\$35,470.11	\$38,138.04	\$372,244.96

CEP Exclusive	CEP
Business Attraction & Retention	\$74,225.42
Property Marketing	\$148,006.67
	\$222,232.09



Appendix 7 - PBID Law

*** This document is current through the 2015 Supplement ***
(All 2014 legislation)

36600. Citation of part

This part shall be known and may be cited as the “Property and Business Improvement District Law of 1994.”

36601. Legislative findings and declarations

The Legislature finds and declares all of the following:

(a) Businesses located and operating within business districts in some of this state’s communities are economically disadvantaged, are underutilized, and are unable to attract customers due to inadequate facilities, services, and activities in the business districts.

(b) It is in the public interest to promote the economic revitalization and physical maintenance of business districts in order to create jobs, attract new businesses, and prevent the erosion of the business districts.

(c) It is of particular local benefit to allow business districts to fund business related improvements, maintenance, and activities through the levy of assessments upon the businesses or real property that receive benefits from those improvements.

(d) Assessments levied for the purpose of conferring special benefit upon the real property or businesses in a business district are not taxes for the general benefit of a city, even if property or persons not assessed receive incidental or collateral effects that benefit them.

(e) Property and business improvement districts formed throughout this state have conferred special benefits upon properties and businesses within their districts and have made those properties and businesses more useful by providing the following benefits:

(1) Crime reduction. A study by the Rand Corporation has confirmed a 12-percent reduction in the incidence of robbery and an 8-percent reduction in the total incidence of violent crimes within the 30 districts studied.

(2) Job creation.

(3) Business attraction.

(4) Business retention.

(5) Economic growth.

(6) New investments.

(f) With the dissolution of redevelopment agencies throughout the state, property and business improvement districts have become even more important tools with which communities can combat blight, promote economic opportunities, and create a clean and safe environment.

(g) Since the enactment of this act, the people of California have adopted Proposition 218, which added Article XIII D to the Constitution in order to place certain requirements and restrictions on the formation of, and activities, expenditures, and assessments by property-based districts. Article XIII D of the Constitution provides that property-based districts may only levy assessments for special benefits.

(h) The act amending this section is intended to provide the Legislature’s guidance with regard to this act, its interaction with the provisions of Article XIII D of the Constitution, and the determination of special benefits in property-based districts.

(1) The lack of legislative guidance has resulted in uncertainty and inconsistent application of this act, which discourages the use of assessments to fund needed improvements, maintenance, and activities in property-based districts, contributing to blight and other underutilization of property.

(2) Activities undertaken for the purpose of conferring special benefits upon property to be assessed inherently produce incidental or collateral effects that benefit property or persons not assessed. Therefore, for special benefits to exist as a separate and distinct category from general benefits, the incidental or collateral effects of those special benefits are inherently part of those special benefits. The mere fact that special benefits produce incidental or collateral effects that benefit property or persons not assessed does not convert any portion of those special benefits or their incidental or collateral effects into general benefits.

(3) It is of the utmost importance that property-based districts created under this act have clarity regarding restrictions on assessments they may levy and the proper determination of special benefits. Legislative clarity with regard to this act will provide districts with clear instructions and courts with legislative intent regarding restrictions on property-based assessments, and the manner in which special benefits should be determined.

36602. Purpose of part

The purpose of this part is to supplement previously enacted provisions of law that authorize cities to levy assessments within property and business improvement districts, to ensure that those assessments conform to all constitutional requirements and are determined and assessed in accordance with the guidance set forth in this act. This part does not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes.

36603. Preemption of authority or charter city to adopt ordinances levying assessments

Nothing in this part is intended to preempt the authority of a charter city to adopt ordinances providing for a different method of levying assessments for similar or additional purposes from those set forth in this part. A property and business improvement district created pursuant to this part is expressly exempt from the provisions of the Special Assessment Investigation, Limitation and Majority Protest Act of 1931 (Division 4 (commencing with Section 2800)).

36603.5. Part prevails over conflicting provisions

Any provision of this part that conflicts with any other provision of law shall prevail over the other provision of law, as to districts created under this part.

36604. Severability

This part is intended to be construed liberally and, if any provision is held invalid, the remaining provisions shall remain in full force and effect. Assessments levied under this part are not special taxes.

36606. “Activities”

“Activities” means, but is not limited to, all of the following that benefit businesses or real property in the district:

- (a) Promotion of public events.
- (b) Furnishing of music in any public place.
- (c) Promotion of tourism within the district.
- (d) Marketing and economic development, including retail retention and recruitment.

(e) Providing security, sanitation, graffiti removal, street and sidewalk cleaning, and other municipal services supplemental to those normally provided by the municipality.

(f) Other services provided for the purpose of conferring special benefit upon assessed businesses and real property located in the district.

36606.5. “Assessment”

“Assessment” means a levy for the purpose of acquiring, constructing, installing, or maintaining improvements and providing activities that will provide certain benefits to properties or businesses located within a property and business improvement district.

36607. “Business”

“Business” means all types of businesses and includes financial institutions and professions.

36608. “City”

“City” means a city, county, city and county, or an agency or entity created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code, the public member agencies of which includes only cities, counties, or a city and county, or the State of California.

36609. “City council”

“City council” means the city council of a city or the board of supervisors of a county, or the agency, commission, or board created pursuant to a joint powers agreement and which is a city within the meaning of this part.

36609.4. “Clerk”

“Clerk” means the clerk of the legislative body.

36609.5. “General benefit”

“General benefit” means, for purposes of a property-based district, any benefit that is not a “special benefit” as defined in Section 36615.5.

36610. “Improvement”

“Improvement” means the acquisition, construction, installation, or maintenance of any tangible property with an estimated useful life of five years or more including, but not limited to, the following:

- (a) Parking facilities.
- (b) Benches, booths, kiosks, display cases, pedestrian shelters and signs.
- (c) Trash receptacles and public restrooms.
- (d) Lighting and heating facilities.
- (e) Decorations.
- (f) Parks.
- (g) Fountains.
- (h) Planting areas.
- (i) Closing, opening, widening, or narrowing of existing streets.
- (j) Facilities or equipment, or both, to enhance security of persons and property within the area.

- (k) Ramps, sidewalks, plazas, and pedestrian malls.
- (l) Rehabilitation or removal of existing structures.

36611. “Management district plan”; “Plan”

“Management district plan” or “plan” means a proposal as defined in Section 36622.

36612. “Owners’ Association”

“Owners’ association” means a private nonprofit entity that is under contract with a city to administer or implement improvements, maintenance, and activities 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. Notwithstanding this section, an owners’ association shall comply with the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code), at all times when matters within the subject matter of the district are heard, discussed, or deliberated, and with the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code), for all records relating to activities of the district.

36614. “Property”

“Property” means real property situated within a district.

36614.5. “Property and business improvement district”; “District”

“Property and business improvement district,” or “district,” means a property and business improvement district established pursuant to this part.

36614.6. “Property-based assessment”

“Property-based assessment” means any assessment made pursuant to this part upon real property.

36614.7. “Property-based district”

“Property-based district” means any district in which a city levies a property-based assessment.

36615. “Property owner”; “Business owner”; “Owner”

“Property owner” means any person shown as the owner of land on the last equalized assessment roll or otherwise known to be the owner of land by the city council. “Business owner” means any person recognized by the city as the owner of the business. “Owner” means either a business owner or a property owner. The city council has no obligation to obtain other information as to the ownership of land or businesses, and its determination of ownership shall be final and conclusive for the purposes of this part. Wherever this part requires the signature of the property owner, the signature of the authorized agent of the property owner shall be sufficient. Wherever this part requires the signature of the business owner, the signature of the authorized agent of the business owner shall be sufficient.

36615.5. “Special benefit”



“Special benefit” means, for purposes of a property-based district, a particular and distinct benefit over and above general benefits conferred on real property located in a district or to the public at large. Special benefit includes incidental or collateral effects that arise from the improvements, maintenance, or activities of property-based districts even if those incidental or collateral effects benefit property or persons not assessed. Special benefit excludes general enhancement of property value.

36616. “Tenant”

“Tenant” means an occupant pursuant to a lease of commercial space or a dwelling unit, other than an owner.

36617. Alternative method of financing certain improvements and activities; Effect on other provisions

This part provides an alternative method of financing certain improvements and activities. The provisions of this part shall not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes. Every improvement area established pursuant to the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500) of this division) is valid and effective and is unaffected by this part.

36620. Establishment of property and business improvement district

A property and business improvement district may be established as provided in this chapter.

36620.5. Requirement of consent of city council

A county may not form a district within the territorial jurisdiction of a city without the consent of the city council of that city. A city may not form a district within the unincorporated territory of a county without the consent of the board of supervisors of that county. A city may not form a district within the territorial jurisdiction of another city without the consent of the city council of the other city.

36621. Initiation of proceedings; Petition of property or business owners in proposed district

(a) Upon the submission of a written petition, signed by the property or business owners in the proposed district who will pay more than 50 percent of the assessments proposed to be levied, the city council may initiate proceedings to form a district by the adoption of a resolution expressing its intention to form a district. The amount of assessment attributable to property or a business owned by the same property or business owner that is in excess of 40 percent of the amount of all assessments proposed to be levied, shall not be included in determining whether the petition is signed by property or business owners who will pay more than 50 percent of the total amount of assessments proposed to be levied.

(b) The petition of property or business owners required under subdivision (a) shall include a summary of the management district plan. That summary shall include all of the following:

- (1) A map showing the boundaries of the district.
- (2) Information specifying where the complete management district plan can be obtained.
- (3) Information specifying that the complete management district plan shall be furnished upon request.

(c) The resolution of intention described in subdivision (a) shall contain all of the following:

(1) A brief description of the proposed improvements, maintenance, and activities, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property or businesses within the district, a statement as to whether bonds will be issued, and a description of the exterior boundaries of the proposed district, which may be made by reference to any plan or map that is on file with

the clerk. The descriptions and statements do not need to be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements, maintenance, and activities, and the location and extent of the proposed district.

(2) A time and place for a public hearing on the establishment of the property and business improvement district and the levy of assessments, which shall be consistent with the requirements of Section 36623.

36622. Contents of management district plan

The management district plan shall include, but is not limited to, all of the following:

(a) If the assessment will be levied on property, a map of the district in sufficient detail to locate each parcel of property and, if businesses are to be assessed, each business within the district. If the assessment will be levied on businesses, a map that identifies the district boundaries in sufficient detail to allow a business owner to reasonably determine whether a business is located within the district boundaries. If the assessment will be levied on property and businesses, a map of the district in sufficient detail to locate each parcel of property and to allow a business owner to reasonably determine whether a business is located within the district boundaries.

(b) The name of the proposed district.

(c) A description of the boundaries of the district, including the boundaries of benefit zones, proposed for establishment or extension in a manner sufficient to identify the affected property and businesses included, which may be made by reference to any plan or map that is on file with the clerk. The boundaries of a proposed property assessment district shall not overlap with the boundaries of another existing property assessment district created pursuant to this part. This part does not prohibit the boundaries of a district created pursuant to this part to overlap with other assessment districts established pursuant to other provisions of law, including, but not limited to, the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500)). This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with another business assessment district created pursuant to this part. This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with a property assessment district created pursuant to this part.

(d) The improvements, maintenance, and activities proposed for each year of operation of the district and the maximum cost thereof. If the improvements, maintenance, and activities proposed for each year of operation are the same, a description of the first year's proposed improvements, maintenance, and activities and a statement that the same improvements, maintenance, and activities are proposed for subsequent years shall satisfy the requirements of this subdivision.

(e) The total annual amount proposed to be expended for improvements, maintenance, or activities, and debt service in each year of operation of the district. If the assessment is levied on businesses, this amount may be estimated based upon the assessment rate. If the total annual amount proposed to be expended in each year of operation of the district is not significantly different, the amount proposed to be expended in the initial year and a statement that a similar amount applies to subsequent years shall satisfy the requirements of this subdivision.

(f) The proposed source or sources of financing, including the proposed method and basis of levying the assessment in sufficient detail to allow each property or business owner to calculate the amount of the assessment to be levied against his or her property or business. The plan also shall state whether bonds will be issued to finance improvements.

(g) The time and manner of collecting the assessments.

(h) The specific number of years in which assessments will be levied. In a new district, the maximum number of years shall be five. Upon renewal, a district shall have a term not to exceed 10 years. Notwithstanding these limitations, a district created pursuant to this part to finance capital improvements with bonds may levy assessments until the maximum maturity of the bonds. The management district plan may set forth specific increases in assessments for each year of operation of the district.

(i) The proposed time for implementation and completion of the management district plan.

(j) Any proposed rules and regulations to be applicable to the district.

(k) **(1)** A list of the properties or businesses to be assessed, including the assessor's parcel numbers for properties to be assessed, and a statement of the method or methods by which the expenses of a district will be imposed upon benefited real property or businesses, in proportion to the benefit received by the property or business, to defray the cost thereof.

(2) In a property-based district, the proportionate special benefit derived by each identified parcel shall be determined exclusively in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the activities. An assessment shall not be imposed on any parcel that exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable, and a property-based district shall separate the general benefits, if any, from the special benefits conferred on a parcel. Parcels within a property-based district that are owned or used by any city, public agency, the State of California, or the United States shall not be exempt from assessment unless the governmental entity can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit. The value of any incidental, secondary, or collateral effects that arise from the improvements, maintenance, or activities of a property-based district and that benefit property or persons not assessed shall not be deducted from the entirety of the cost of any special benefit or affect the proportionate special benefit derived by each identified parcel.

(l) In a property-based district, the total amount of all special benefits to be conferred upon the properties located within the property-based district.

(m) In a property-based district, the total amount of general benefits, if any.

(n) In a property-based district, a detailed engineer's report prepared by a registered professional engineer certified by the State of California supporting all assessments contemplated by the management district plan.

(o) Any other item or matter required to be incorporated therein by the city council.

36623. Procedure to levy assessment

(a) If a city council proposes to levy a new or increased property assessment, the notice and protest and hearing procedure shall comply with Section 53753 of the Government Code.

(b) If a city council proposes to levy a new or increased business assessment, the notice and protest and hearing procedure shall comply with Section 54954.6 of the Government Code, except that notice shall be mailed to the owners of the businesses proposed to be assessed. A protest may be made orally or in writing by any interested person. Every written protest shall be filed with the clerk at or before the time fixed for the public hearing. The city council may waive any irregularity in the form or content of any written protest. A written protest may be withdrawn in writing at any time before the conclusion of the public hearing. Each written protest shall contain a description of the business in which the person subscribing the protest is interested sufficient to identify the business and, if a person subscribing is not shown on the official records of the city as the owner of the business, the protest shall contain or be accompanied by written evidence that the person subscribing is the owner of the business or the authorized representative. A written protest that does not comply with this section shall not be counted in determining a majority protest. If written protests are received from the owners or authorized representatives of businesses in the proposed district that will pay 50 percent or more of the assessments proposed to be levied and protests are not withdrawn so as to reduce the protests to less than 50 percent, no further proceedings to levy the proposed assessment against such businesses, as contained in the resolution of intention, shall be taken for a period of one year from the date of the finding of a majority protest by the city council.

(c) If a city council proposes to conduct a single proceeding to levy both a new or increased property assessment and a new or increased business assessment, the notice and protest and hearing procedure for the property assessment shall comply with subdivision (a), and the notice and protest and hearing procedure for the business assessment shall comply with subdivision (b). If a majority protest is received from either the property or business owners, that respective portion of the assessment shall not be levied. The remaining portion of the assessment may be levied unless the improvement or other special benefit was proposed to be funded by assessing both property and business owners.

36624. Changes to proposed assessments

At the conclusion of the public hearing to establish the district, the city council may adopt, revise, change, reduce, or modify the proposed assessment or the type or types of improvements, maintenance, and activities to be funded with the revenues from the assessments. Proposed assessments may only be revised by reducing any or all of them. At the public hearing, the city council may only make changes in, to, or from the boundaries of the proposed property and business improvement district that will exclude territory that will not benefit from the proposed improvements, maintenance, and activities. Any modifications, revisions, reductions, or changes to the proposed assessment district shall be reflected in the notice and map recorded pursuant to Section 36627.

36625. Resolution of formation

(a) If the city council, following the public hearing, decides to establish a proposed property and business improvement district, the city council shall adopt a resolution of formation that shall include, but is not limited to, all of the following:

(1) A brief description of the proposed improvements, maintenance, and activities, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property, businesses, or both within the district, a statement on whether bonds will be issued, and a description of the exterior boundaries of the proposed district, which may be made by reference to any plan or map that is on file with the clerk. The descriptions and statements need not be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements, maintenance, and activities and the location and extent of the proposed district.

(2) The number, date of adoption, and title of the resolution of intention.

(3) The time and place where the public hearing was held concerning the establishment of the district.

(4) A determination regarding any protests received. The city shall not establish the district or levy assessments if a majority protest was received.

(5) A statement that the properties, businesses, or properties and businesses in the district established by the resolution shall be subject to any amendments to this part.

(6) A statement that the improvements, maintenance, and activities to be conferred on businesses and properties in the district will be funded by the levy of the assessments. The revenue from the levy of assessments within a district shall not be used to provide improvements, maintenance, or activities outside the district or for any purpose other than the purposes specified in the resolution of intention, as modified by the city council at the hearing concerning establishment of the district.

(7) A finding that the property or businesses within the area of the property and business improvement district will be benefited by the improvements, maintenance, and activities funded by the proposed assessments, and, for a property-based district, that property within the district will receive a special benefit.

(8) In a property-based district, the total amount of all special benefits to be conferred on the properties within the property-based district.

(b) The adoption of the resolution of formation and, if required, recordation of the notice and map pursuant to Section 36627 shall constitute the levy of an assessment in each of the fiscal years referred to in the management district plan.

36626. Resolution establishing district

If the city council, following the public hearing, desires to establish the proposed property and business improvement district, and the city council has not made changes pursuant to Section 36624, or has made changes that do not substantially change the proposed assessment, the city council shall adopt a resolution establishing the district. The resolution shall contain all of the information specified in Section 36625.

36627. Notice and assessment diagram

Following adoption of the resolution establishing district assessments on properties pursuant to Section 36625 or Section 36626, the clerk of the city shall record a notice and an assessment diagram pursuant to Section 3114. No other provision of Division 4.5 (commencing with Section 3100) applies to an assessment district created pursuant to this part.

36628. Establishment of separate benefit zones within district; Categories of businesses

The city council may establish one or more separate benefit zones within the district based upon the degree of benefit derived from the improvements or activities to be provided within the benefit zone and may impose a different assessment within each benefit zone. If the assessment is to be levied on businesses, the city council may also define categories of businesses based upon the degree of benefit that each will derive from the improvements or activities to be provided within the district and may impose a different assessment or rate of assessment on each category of business, or on each category of business within each zone.

36628.5. Assessments on businesses or property owners

The city council may levy assessments on businesses or on property owners, or a combination of the two, pursuant to this part. The city council shall structure the assessments in whatever manner it determines corresponds with the distribution of benefits from the proposed improvements, maintenance, and activities, provided that any property-based assessment conforms with the requirements set forth in paragraph (2) of subdivision (k) of Section 36622.

36629. Provisions and procedures applicable to benefit zones and business categories

All provisions of this part applicable to the establishment, modification, or disestablishment of a property and business improvement district apply to the establishment, modification, or disestablishment of benefit zones or categories of business. The city council shall, to establish, modify, or disestablish a benefit zone or category of business, follow the procedure to establish, modify, or disestablish a property and business improvement district.

36630. Expiration of district; Creation of new district

If a property and business improvement district expires due to the time limit set pursuant to subdivision (h) of Section 36622, a new management district plan may be created and the district may be renewed pursuant to this part.

36631. Time and manner of collection of assessment; Delinquent payments

The collection of the assessments levied pursuant to this part shall be made at the time and in the manner set forth by the city council in the resolution levying the assessment. Assessments levied on real property may be collected at the same time and in the same manner as for the ad valorem property tax, and may provide for the same lien priority and penalties for delinquent payment. All delinquent payments for assessments levied pursuant to this part may be charged interest and penalties.

36632. Assessments to be based on estimated benefit; Classification of real property and businesses; Exclusion of residential and agricultural property

(a) The assessments levied on real property pursuant to this part shall be levied on the basis of the estimated benefit to the real property within the property and business improvement district. The city council may classify properties for purposes of determining the benefit to property of the improvements and activities provided pursuant to this part.

(b) Assessments levied on businesses pursuant to this part shall be levied on the basis of the estimated benefit to the businesses within the property and business improvement district. The city council may classify businesses for purposes of determining the benefit to the businesses of the improvements and activities provided pursuant to this part.

(c) Properties zoned solely for residential use, or that are zoned for agricultural use, are conclusively presumed not to benefit from the improvements and service funded through these assessments, and shall not be subject to any assessment pursuant to this part.

36633. Time for contesting validity of assessment

The validity of an assessment levied under this part shall not be contested in any action or proceeding unless the action or proceeding is commenced within 30 days after the resolution levying the assessment is adopted pursuant to Section 36626. Any appeal from a final judgment in an action or proceeding shall be perfected within 30 days after the entry of judgment.

36634. Service contracts authorized to establish levels of city services

The city council may execute baseline service contracts that would establish levels of city services that would continue after a property and business improvement district has been formed.

36635. Request to modify management district plan

The owners' association may, at any time, request that the city council modify the management district plan. Any modification of the management district plan shall be made pursuant to this chapter.

36636. Modification of plan by resolution after public hearing; Adoption of resolution of intention; Modification of improvements and activities by adoption of resolution after public hearing

(a) Upon the written request of the owners' association, the city council may modify the management district plan after conducting one public hearing on the proposed modifications. The city council may modify the improvements and activities to be funded with the revenue derived from the levy of the assessments by adopting a resolution determining to make the modifications after holding a public hearing on the proposed modifications. If the modification includes the levy of a new or increased assessment, the city council shall comply with Section 36623. Notice of all other public hearings pursuant to this section shall comply with both of the following:

(1) The resolution of intention shall be published in a newspaper of general circulation in the city once at least seven days before the public hearing.

(2) A complete copy of the resolution of intention shall be mailed by first class mail, at least 10 days before the public hearing, to each business owner or property owner affected by the proposed modification.

(b) The city council shall adopt a resolution of intention which states the proposed modification prior to the public hearing required by this section. The public hearing shall be held not more than 90 days after the adoption of the resolution of intention.

36637. Reflection of modification in notices recorded and maps



Any subsequent modification of the resolution shall be reflected in subsequent notices and maps recorded pursuant to Division 4.5 (commencing with Section 3100), in a manner consistent with the provisions of Section 36627.

36640. Bonds authorized; Procedure; Restriction on reduction or termination of assessments

(a) The city council may, by resolution, determine and declare that bonds shall be issued to finance the estimated cost of some or all of the proposed improvements described in the resolution of formation adopted pursuant to Section 36625, if the resolution of formation adopted pursuant to that section provides for the issuance of bonds, under the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500)) or in conjunction with Marks-Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code). Either act, as the case may be, shall govern the proceedings relating to the issuance of bonds, although proceedings under the Bond Act of 1915 may be modified by the city council as necessary to accommodate assessments levied upon business pursuant to this part.

(b) The resolution adopted pursuant to subdivision (a) shall generally describe the proposed improvements specified in the resolution of formation adopted pursuant to Section 36625, set forth the estimated cost of those improvements, specify the number of annual installments and the fiscal years during which they are to be collected. The amount of debt service to retire the bonds shall not exceed the amount of revenue estimated to be raised from assessments over 30 years.

(c) Notwithstanding any other provision of this part, assessments levied to pay the principal and interest on any bond issued pursuant to this section shall not be reduced or terminated if doing so would interfere with the timely retirement of the debt.

36650. Report by owners' association; Approval or modification by city council

(a) The owners' association shall cause to be prepared a report for each fiscal year, except the first year, for which assessments are to be levied and collected to pay the costs of the improvements, maintenance, and activities described in the report. The owners' association's first report shall be due after the first year of operation of the district. The report may propose changes, including, but not limited to, the boundaries of the property and business improvement district or any benefit zones within the district, the basis and method of levying the assessments, and any changes in the classification of property, including any categories of business, if a classification is used.

(b) The report shall be filed with the clerk and shall refer to the property and business improvement district by name, specify the fiscal year to which the report applies, and, with respect to that fiscal year, shall contain all of the following information:

(1) Any proposed changes in the boundaries of the property and business improvement district or in any benefit zones or classification of property or businesses within the district.

(2) The improvements, maintenance, and activities to be provided for that fiscal year.

(3) An estimate of the cost of providing the improvements, maintenance, and activities for that fiscal year.

(4) The method and basis of levying the assessment in sufficient detail to allow each real property or business owner, as appropriate, to estimate the amount of the assessment to be levied against his or her property or business for that fiscal year.

(5) The estimated amount of any surplus or deficit revenues to be carried over from a previous fiscal year.

(6) The estimated amount of any contributions to be made from sources other than assessments levied pursuant to this part.

(c) The city council may approve the report as filed by the owners' association or may modify any particular contained in the report and approve it as modified. Any modification shall be made pursuant to Sections 36635 and 36636.

The city council shall not approve a change in the basis and method of levying assessments that would impair an authorized or executed contract to be paid from the revenues derived from the levy of assessments, including any commitment to pay principal and interest on any bonds issued on behalf of the district.

36651. Designation of owners' association to provide improvements and activities

The management district plan may, but is not required to, state that an owners' association will provide the improvements, maintenance, and activities described in the management district plan. If the management district plan designates an owners' association, the city shall contract with the designated nonprofit corporation to provide services.

36660. Renewal of district; Transfer or refund of remaining revenues; District term limit

(a) Any district previously established whose term has expired, or will expire, may be renewed by following the procedures for establishment as provided in this chapter.

(b) Upon renewal, any remaining revenues derived from the levy of assessments, or any revenues derived from the sale of assets acquired with the revenues, shall be transferred to the renewed district. If the renewed district includes additional parcels or businesses not included in the prior district, the remaining revenues shall be spent to benefit only the parcels or businesses in the prior district. If the renewed district does not include parcels or businesses included in the prior district, the remaining revenues attributable to these parcels shall be refunded to the owners of these parcels or businesses.

(c) Upon renewal, a district shall have a term not to exceed 10 years, or, if the district is authorized to issue bonds, until the maximum maturity of those bonds. There is no requirement that the boundaries, assessments, improvements, or activities of a renewed district be the same as the original or prior district.

36670. Circumstances permitting disestablishment of district; Procedure

(a) Any district established or extended pursuant to the provisions of this part, where there is no indebtedness, outstanding and unpaid, incurred to accomplish any of the purposes of the district, may be disestablished by resolution by the city council in either of the following circumstances:

(1) If the city council finds there has been misappropriation of funds, malfeasance, or a violation of law in connection with the management of the district, it shall notice a hearing on disestablishment.

(2) During the operation of the district, there shall be a 30-day period each year in which assesses may request disestablishment of the district. The first such period shall begin one year after the date of establishment of the district and shall continue for 30 days. The next such 30-day period shall begin two years after the date of the establishment of the district. Each successive year of operation of the district shall have such a 30-day period. Upon the written petition of the owners or authorized representatives of real property or the owners or authorized representatives of businesses in the area who pay 50 percent or more of the assessments levied, the city council shall pass a resolution of intention to disestablish the district. The city council shall notice a hearing on disestablishment.

(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.

36671. Refund of remaining revenues upon disestablishment or expiration without renewal of district; Calculation of refund; Use of outstanding revenue collected after disestablishment of district

(a) Upon the disestablishment or expiration without renewal of a district, any remaining revenues, after all outstanding debts are paid, derived from the levy of assessments, or derived from the sale of assets acquired with the revenues, or from bond reserve or construction funds, shall be refunded to the owners of the property or businesses then located and operating within the district in which assessments were levied by applying the same method and basis that was used to calculate the assessments levied in the fiscal year in which the district is disestablished or expires. All outstanding assessment revenue collected after disestablishment shall be spent on improvements and activities specified in the management district plan.

(b) If the disestablishment occurs before an assessment is levied for the fiscal year, the method and basis that was used to calculate the assessments levied in the immediate prior fiscal year shall be used to calculate the amount of any refund.

Appendix 8 - Intercept Survey Report



October 8, 2014

TO: Downtown San Diego Partnership

FROM: Cheryl Mason, Darlanne Hctor Mulmat, and Grace Miño
SANDAG Service Bureau

SUBJECT: Intercept Survey Validation

At the request of the Downtown San Diego Partnership (DSDP), the San Diego Association of Governments (SANDAG) Service Bureau provided guidance regarding the methodology and survey design related to an intercept survey. Specifically, this project is related to the services provided through the Property-Based Business Improvement District (PBID) since July 2000 funded through property assessments. These services (e.g., sidewalk sweeping and power washing, trash and debris removal, graffiti removal, landscaping, safety patrols) benefit assessed parcels and anyone passing through the downtown area.

To estimate how much of these services specially benefit assessed parcels in a PBID and how much generally benefits the public, jurisdictions have conducted intercept surveys. DSDP wanted to conduct a similar project and requested that SANDAG Service Bureau oversee the process to ensure that the survey methodology was sound and that results from the local intercept surveys are valid.

This memo describes the methodology (including the questionnaire development, sampling frame, and survey administration) and concludes that sound survey procedures were followed and produced valid results. In addition, the results from the surveys are briefly summarized in the Appendix.



METHODOLOGY

Questionnaire Development

DSDP and the PBID engineer developed the questionnaire based on court decisions, Proposition 218, and intercept surveys used in other districts, specifically Downtown Long Beach and San Jose. The primary goal of the project was to answer the following research question.

What proportion of individuals in Downtown San Diego engage in activities related to assessed parcels, such as shopping, dining, and conducting business?

Based on this goal, the Service Bureau reviewed the survey instrument and offered revisions with regards to wording (e.g., response categories were mutually exclusive and exhaustive) and flow to minimize respondent burden. Once the survey instrument was finalized, the Service Bureau developed a survey instruction guide and provided training to DSDP staff to ensure consistent survey administration and tracking. Additionally, the training allowed surveyors to obtain clarity on the instrument and how to document response rates.

Sampling Frame

The total target sample of 600 was stratified to ensure representation across all Downtown San Diego PBID Benefit Zones (i.e., Columbia, Core, Cortez, East Village, Gaslamp, and Marina). The target sample size for each zone was based on the number of blocks within each zone and the proportion of assessments paid by property owners for the same zone using the follow steps (Table 1).

1. The total number of blocks in each zone was recorded.
2. The proportion of blocks was calculated.
3. The proportion of assessments paid by property owners was determined for each zone.
4. The proportion of blocks in each zone was applied to overall target sample size of 600.
5. The proportion of assessments paid for each zone was applied to the overall target sample size of 600.
6. An average of #4 and #5 above was calculated and used as the target sample.

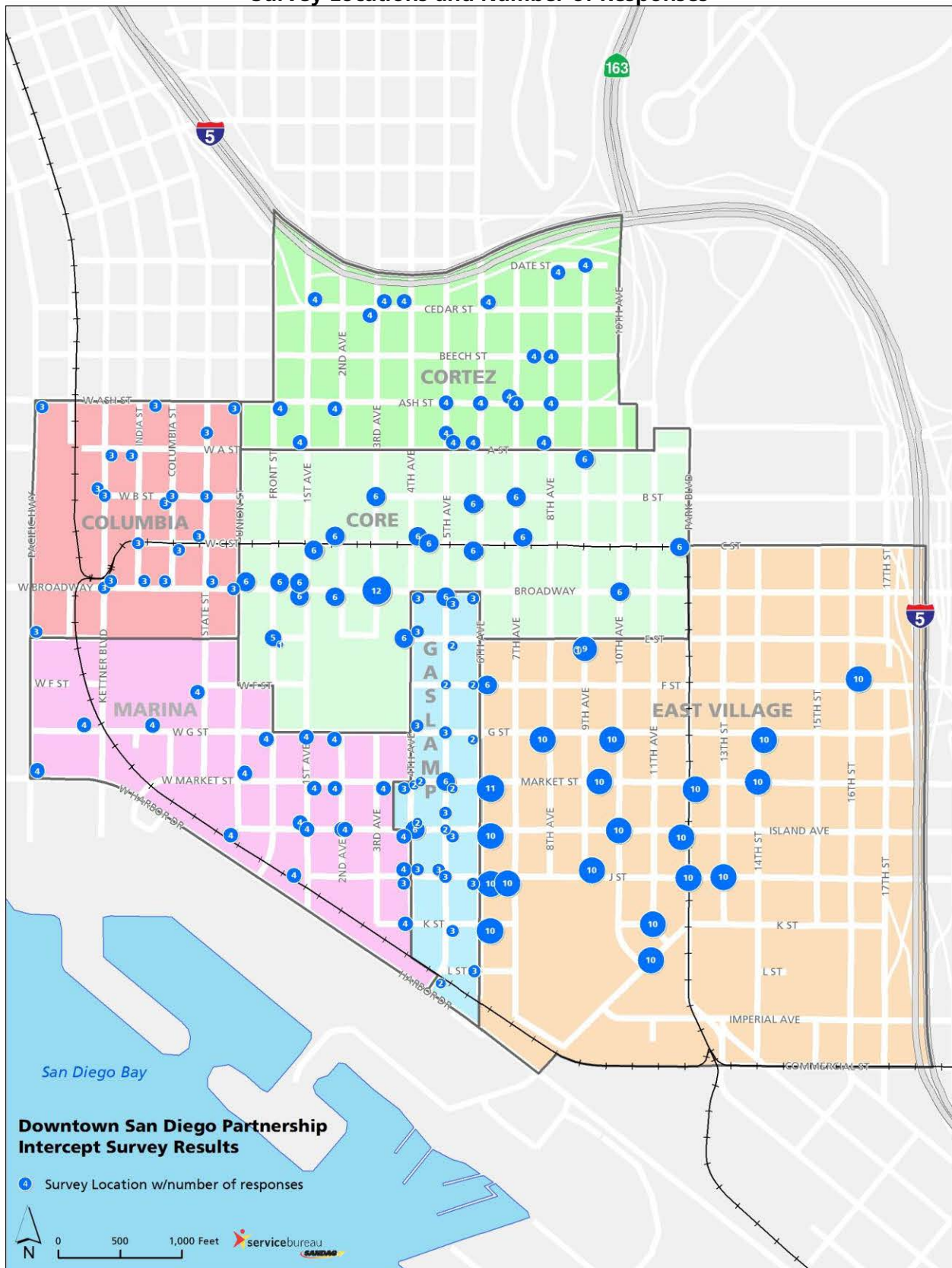
Table 1
Sample Size Determination by Benefit Zones

	Blocks (#)	Blocks (%)	Assessment Paid	% blocks * 600	% Assessment Paid * 600	Target¹
Columbia	30	10.91%	8.04%	65	48	57
Core	53	19.27%	19.48%	116	117	116
Cortez	42	15.27%	9.75%	92	59	75
East Village	99.5	36.18%	33.41%	217	200	209
Gaslamp	16.5	6.00%	17.98%	36	108	72
Marina	34	12.36%	11.34%	74	68	71
	275	100.00%	100.00%	600	600	600

¹ (“% blocks * 600” + “% assessment paid * 600”) / 2.

In order to have a random sample, surveyors approached every second adult walking by the survey location. Survey locations and times were varied throughout the week to reach the variety of populations frequenting the downtown area (e.g., daytime workers, evening theater goers). Map 1 illustrates the specific survey locations. Surveyors remained at each location until the target number of surveys was completed for that location (also shown on Map 1) on the specific day of week and time of day (as described further below).

Map 1 Survey Locations and Number of Responses



The target sample size was further broken down by day of the week and time of day based on the hours that services are provided through the Property-Based Business Improvement District (Table 2). As soon as these targets were met, surveying stopped for the location at that specific date and shift.

**Table 2
Sample Distribution Across Day and Time**

	Morning	Afternoon	Evening	Late Night
Columbia	3 each day	3 each day	3 each day	
Core	6 each day	6 each day	6 each day	
Cortez	4 each day	4 each day	4 each day	
East Village	10 each day	10 each day	10 each day	
Gaslamp¹	2-3 each day	2-3 each day	3 each day	2-6 each day
Marina	4 each day	4 each day	4 each day	

¹More surveys were completed Thursday through Saturday during late nights to ensure representation among patrons to bars and clubs.

Survey Administration

From February 19 to 25, 2014, DSDP staff approached 1,357 individuals and 646 agreed to complete the survey (a 48 percent participation rate). Participation rates varied across zones, ranging from 34 percent in the Gaslamp area to 55 percent for Cortez and East Village (Table 3).

**Table 3
Response Rates by Benefit Zone**

	Completed	Approached	Participation Rate
Columbia	63	119	53%
Core	126	294	43%
Cortez	84	154	55%
East Village	206	376	55%
Gaslamp	84	244	34%
Marina	83	170	49%
Total	646	1,357	48%

The SANDAG Service Bureau observed and provided DSDP staff feedback during survey administration with regards to approaching participants, tracking refusals, and clarifying various answer options. In addition, Service Bureau reviewed completed surveys to identify any errors on the forms.

Based on a 95 percent confidence level, the margin of error for the results of the survey is at most 3.86 percent for all percentages shown in the summary results section (Appendix A) of this report.

CONCLUSIONS

As noted in the introduction, the purpose of this study was to ensure the validity of DSDP's methodology in conducting intercept surveys in the Downtown PBID. SANDAG Service Bureau trained DSDP staff on survey procedures, observed DSDP staff conducting surveys in the field and provided feedback, and reviewed completed surveys to ensure minimal error. The SANDAG team found the following:

- DSDP staff followed protocols outlined in the survey administration guide.
- Sampling procedures were followed by surveying every second person.
- Target samples were reached for each zone, day of week, and time of day.

As a result, it is concluded that the survey methodology utilized was sound and valid.

In addition, the DSDP requested that the SANDAG Service Bureau review the result of the engineer's analysis in their report entitled, "DRAFT Management District Plan." While the SANDAG Service Bureau does not have the background or expertise to verify an engineer's report, we can confirm that the cumulative percentage of respondents who were not engaging in the activities included in the survey is 1.24 percent, which is a value used in the engineer's report to estimate general and special benefits.

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ABOUT THE SANDAG SERVICE BUREAU

The SANDAG Service Bureau is the consulting arm of SANDAG providing informational and technical services to member agencies, nonmember government agencies, and private organizations and individuals. Customized data, reports, and maps are available through the SANDAG Service Bureau. For information, please call us at (619) 699-1951 or visit us at: sandag.org/servicebureau.

APPENDIX A: SUMMARY OF SURVEY RESULTS

FAST FACTS

- ✓ More than half (57%) of respondents did not live in Downtown San Diego.
- ✓ Two thirds of participants (66%) did not work in the Downtown San Diego area.
- ✓ Almost nine out of ten (87%) respondents were not property owners or a representative of a property owner.
- ✓ More than two out of five (44%) of participants' primary reason for being in Downtown was to conduct personal or professional business (e.g., walking their dog, visiting a friend, or vacationing).
- ✓ The top three activities participants were likely to do while in Downtown were: stroll or walk around for leisure (86%), eat or drink at a restaurant, café, or bar (85%), and conduct professional or personal business (63%).
- ✓ More than three quarters (77%) of respondents said they would go to all the zones within Downtown San Diego.
- ✓ Of all the participants, only 2 (from the Cortez zone) said they would not engage in any activities while they were in the Downtown area. This represents 0.31 percent. (2/645=.0031)
- ✓ Of all the respondents that said they were likely or definitely likely to walk or stroll around for leisure, only a few (3 from East Village, 2 from Columbia, and 1 from Marina) said they would not engage in any other activities. This represents 0.93 percent. (6/645=.0093)

Appendix Table 1
Zones where surveys were administered

Zone	Number	Percent
Columbia	63	10%
Core	126	20%
Cortez	84	13%
East Village	207	32%
Gaslamp	83	13%
Marina	83	13%
Total	646	100%

NOTE: Percentages may not equal 100 due to rounding.

Appendix Table 2

Do you live in any of the neighborhoods shown on this map of Downtown San Diego?

Zone	Number	Percent
Columbia	24	4%
Core	26	4%
Cortez	51	8%
East Village	106	16%
Gaslamp	25	4%
Marina	44	7%
No	370	57%
Total	646	100%

NOTE: Percentages may not equal 100 due to rounding.

Appendix Table 3

Do you work in any of the neighborhoods shown on this map of Downtown San Diego?

Zone	Number	Percent
Columbia	25	4%
Core	56	9%
Cortez	20	3%
East Village	51	8%
Gaslamp	45	7%
Marina	24	4%
No	425	66%
Total	646	100%

NOTE: Percentages may not equal 100 due to rounding.

Appendix Table 4

Are you a property owner or representative of a property owner in Downtown? (A representative means a person who is authorized to make decisions on behalf of the property owner)

Zone	Number	Percent
Yes	85	13%
No	560	87%
Total	645	100%

NOTE: Percentages may not equal 100 due to rounding.

Appendix Table 5
What is your primary reason for being downtown today?

Zone	Number	Percent
Stroll or walk around for leisure	134	21%
Eat or drink at a restaurant, café, or bar	113	18%
Go shopping	49	8%
Watch a movie	2	<1%
Conduct professional or personal business	282	44%
Attend a festival or special event	24	4%
Stay overnight in a hotel	28	4%
Transit Stop	10	2%
Other	1	<1%
Total	643	100%

NOTE: "Other" was one participant who was passing through on the way to Mexico. Percentages may not equal 100 due to rounding.

Appendix Table 6
Below is a short list of activities. For each one please tell me how likely it is that you will do that activity today while in Downtown San Diego.

	Definitely	Likely	Not Likely	Definitely Not
Stroll or walk around for leisure	68%	19%	9%	5%
Eat or drink at a restaurant, café or bar	64%	21%	9%	6%
Go shopping	31%	24%	27%	18%
Watch a movie	8%	12%	39%	41%
Conduct professional or personal business	46%	17%	16%	21%
Attend a festival or a special event	25%	22%	21%	33%
Stay overnight in a hotel	19%	7%	19%	54%
Transit stop	34%	16%	17%	34%
N = 643-645				

NOTE: Percentages may not equal 100 due to rounding.

Appendix Table 7
Are there any neighborhoods shown on this map of Downtown San Diego that you do not, or will not go to?

Zone	Number	Percent
Yes	151	23%
No	495	77%
Total	646	100%

NOTE: Percentages may not equal 100 due to rounding.

Appendix Table 7a
If yes, which neighborhoods?

Zone	Number	Percent
Columbia	24	4%
Core	26	4%
Cortez	51	8%
East Village	106	16%
Gaslamp	25	4%
Marina	44	7%
No	370	57%
Total	646	100%

¹ Totals are number of responses not participants.

NOTE: Percentages may not equal 100 due to rounding.

APPENDIX B: DOWNTOWN SAN DIEGO PARTNERSHIP INTERCEPT SURVEY

Downtown San Diego Intercept Survey

Name of surveyor: _____

Date: _____

Time: _____

Neighborhood: _____

Location: _____

Hello, my name is _____. I represent the Downtown San Diego Partnership and am conducting a study of visitors to Downtown. We would like to ask you some questions that will just take a couple of minutes. You will not be asked for money, and we will not contact you again. Your responses are completely anonymous and confidential. Okay?

1. Do you **live** in any of the neighborhoods shown on this map of Downtown San Diego?

- Columbia
- Core
- Cortez
- East Village
- Gaslamp
- Marina
- No

2. Do you **work** in any of the neighborhoods shown on this map of Downtown San Diego?

- lumbia
- Core
- Cortez
- East Village
- Gaslamp
- Marina
- No

3. Are you a property owner or representative of a property owner in Downtown? (A representative means a person who is authorized to make decisions on behalf of the property owner)

- Yes
- No

4. What is your primary reason for being downtown today? (choose only 1)

- Stroll or walk around for leisure
- Eat or drink at a restaurant, café or bar
- Go shopping
- Watch a movie
- Conduct professional or personal business
- Attend a festival or a special event
- Stay overnight in a hotel
- Transit stop
- Other _____

5. Next, I am going to read a short list of activities. For each one, please tell me how likely it is that you will do that activity today while in Downtown San Diego. Please answer either “Definitely”, “Likely”, “Not Likely”, or “Definitely Not”.

	Definitely	Likely	Not Likely	Definitely Not
Stroll or walk around for leisure	0	0	0	0
Eat or drink at a restaurant, café or bar	0	0	0	0
Go shopping	0	0	0	0
Watch a movie	0	0	0	0
Conduct professional or personal business	0	0	0	0
Attend a festival or a special event	0	0	0	0
Stay overnight in a hotel	0	0	0	0
Transit stop	0	0	0	0

6. Are there any neighborhoods shown on this map of Downtown San Diego that you do not, or will not go to?

- Yes
- No (skip to end of survey)

6a. If yes, which neighborhood(s)?		6b. (For each area checked to the left, ask) Why not?
	Check all that apply	
Columbia	<input type="radio"/>	<input type="radio"/> Lack of cleanliness <input type="radio"/> Lack of safety <input type="radio"/> Lack of attractiveness
Core	<input type="radio"/>	<input type="radio"/> Lack of cleanliness <input type="radio"/> Lack of safety <input type="radio"/> Lack of attractiveness
Cortez	<input type="radio"/>	<input type="radio"/> Lack of cleanliness <input type="radio"/> Lack of safety <input type="radio"/> Lack of attractiveness
East Village	<input type="radio"/>	<input type="radio"/> Lack of cleanliness <input type="radio"/> Lack of safety <input type="radio"/> Lack of attractiveness
Gaslamp	<input type="radio"/>	<input type="radio"/> Lack of cleanliness <input type="radio"/> Lack of safety <input type="radio"/> Lack of attractiveness
Marina	<input type="radio"/>	<input type="radio"/> Lack of cleanliness <input type="radio"/> Lack of safety <input type="radio"/> Lack of attractiveness

Thank you for your time. We appreciate your assistance.