

RESOLUTION NO. 2023-\_\_\_\_

**A RESOLUTION OF INTENTION OF THE CITY  
COUNCIL OF THE CITY OF MERCED,  
CALIFORNIA, INITIATING FORMATION  
PROCEEDINGS FOR THE BUSINESS  
IMPROVEMENT DISTRICT FOR DOWNTOWN  
MERCED**

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MERCED  
DOES HEREBY RESOLVE, DETERMINE, FIND, AND ORDER AS  
FOLLOWS:

**SECTION 1.** The City Council finds and declares as follows:

A. The City Council of the City of Merced (the “City Council”) is authorized pursuant to Chapter 1 (commencing with Section 36600) of Part 7 of Division 18 of the California Streets & Highways Code, commonly known as the “Property and Business Improvement District Act of 1994” to establish an improvement district in order to fund the promotion of economic revitalization and physical maintenance activities through the annual levy of assessments on real property located within the district;

B. The City Council has received a written petition from the owners of certain real property within the City of Merced (the “City”) requesting that the City Council initiate proceedings for the formation of a property and business improvement district pursuant to the Property and Business Improvement District Act of 1994 (the “Downtown Merced Business Improvement District”) for the purpose of providing certain services that are necessary to promote the economic revitalization and physical maintenance of the City’s downtown, and agreeing to the annual levy of assessments on said properties sufficient to pay the costs of such services and costs incidental thereto;

C. Sections 36606 and 36610 of the California Streets & Highways Code provides that a property and business improvement district may be established to finance certain types of improvements and activities, including, but not limited to, providing security, sidewalk cleaning, marketing and economic development, special events, the construction and maintenance of lighting facilities, landscape and sidewalk improvements, including, but not limited to, sweeping and litter

removal services, sidewalk washing, graffiti removal, landscape irrigation, and replacement and repair services, within the District;

D. Pursuant to Section 36621 of the California Streets & Highways Code, the City Council is authorized upon receiving such a written petition to adopt a resolution of intention to establish a property and business improvement district; and

E. The City Council believes it to be in the best interest of the City and its business persons and citizens to initiate proceedings to form a new property-based business improvement district.

**SECTION 2. Proposed District.** It is the intention of the City Council to initiate proceedings to form the new property-based business improvement district, in accordance with Streets and Highways Code Sections 36600 et seq.

**SECTION 3. Management Plan and Engineer's Report.** Pursuant to Section 36622 of the California Streets & Highways Code, a copy of the new Management District Plan and Engineer's Report is on file in the office of the City Clerk and is hereby incorporated herein as Exhibit A.

**SECTION 4. Activities.** The activities and improvements proposed for this District include community engagement team, maintenance, lighting, beautification, marketing, special events, and management of the District once formed.

**SECTION 5. Amount of Assessment.** Annual assessments are based upon an allocation of program costs and a calculation of lot square footage, building square footage plus linear street frontage for each benefit zone. Estimated annual maximum assessment rates per benefit zone for the first year of the district follow:

Benefit Zone	Lot SF	Bldg SF	Linear
Base Level	\$0.0113	\$0.0997	\$3.2074
Enhanced Zone	\$0.0113	\$0.1178	\$6.3273
Downtown Core	\$0.0113	\$0.1178	\$7.9310

**SECTION 6. District Boundaries.** The boundaries of the District, generally speaking, shall include:

The PBID is approximately 25 square blocks of the downtown area. It is roughly bounded by 16<sup>th</sup> Street to the South, R Street to the west, 18<sup>th</sup> and 19<sup>th</sup> Streets to the north, and G Street to the east. The PBID is allocated into three benefit zones to reflect the level of service and special benefits each parcel will receive.

**SECTION 7. Public Hearing.** Notice is hereby given that on Monday, August 7, 2023, at the hour of 6:00 p.m. in the Council Chambers, City of Merced, 678 West 18<sup>th</sup> Street, Merced, CA 95340, a public hearing on the formation of the new property-based business improvement district and the levy of assessments, at which evidence and testimony may be offered by any and all persons having an interest in said proposed district, shall be conducted by the City Council.

**SECTION 8. Notice.** The City Clerk is directed to give notice of the time and place of the public hearing in accordance with Streets and Highways Code section 36623. The City Clerk is to do this by mailing (or causing to be mailed) written notices and assessment ballots in the time, form, and manner provided by Government Code section 53753 to all persons who own real property within the proposed District and will be subject to the proposed assessment. The City Clerk is further directed to file an affidavit with the City Council when all notices and ballots have been mailed, setting forth the time and manner of his or her compliance with the requirements of law for mailing the notices and ballots. The notice shall be mailed not less than forty-five (45) days before the date of the public hearing.

**SECTION 9. Publication.** The City Clerk is further directed to publish this Resolution of Intention in the newspaper of general circulation in the City of Merced, not later than 10 days nor more than 25 days prior to the date of the public hearing.

**SECTION 10. CEQA Compliance.** The adoption of this Resolution is not a “project” for purposes of the California Environmental Quality Act (Public Resources Code Section 21000 et seq.), pursuant to Section 15378(b)(4) of Title 2 of the California Code of Regulations, as this resolution pertains to the creation of a government funding mechanism but does not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment.

**SECTION 11.** The City Clerk is directed to certify the adoption of this Resolution.

PASSED AND ADOPTED by the City Council of the City of Merced at a regular meeting held on the \_\_\_\_ day of \_\_\_\_\_ 2023, by the following vote:

AYES: Council Members:

NOES: Council Members:

ABSENT: Council Members:

ABSTAIN: Council Members:

APPROVED:


\_\_\_\_\_  
Mayor

ATTEST:  
STEPHANIE R. DIETZ, CITY CLERK

BY: \_\_\_\_\_  
Assistant/Deputy City Clerk

(SEAL)

APPROVED AS TO FORM:

 6-14-2023  
City Attorney Date

# EXHIBIT A

## Downtown Merced Property-Based Business Improvement District

# Management District Plan



City of Merced, California

June 2023

Prepared by:  
Kristin Lowell, Inc.

*Prepared pursuant to the State of California  
Property and Business Assessment District Law of 1994  
and Article XIII D of the California Constitution.*

# EXHIBIT A

**DOWNTOWN MERCED**  
**Property-Based Business Improvement District**  
**Management District Plan**

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**ATTACHMENTS**

- A. Engineer's Report

## SECTION 1: EXECUTIVE SUMMARY

The Downtown Merced Property-Based Business Improvement District (“PBID”) is being established, pursuant to the California Constitution and the Property and Business Improvement District Law of 1994, as amended. Developed by the formal steering committee, the PBID Management District Plan responds to today’s market opportunities, district challenges, and the City of Merced’s efforts in vitalizing the downtown. The PBID Management District Plan describes how the PBID will improve and convey special benefits to assessed parcels located within the downtown area.

### *Summary Management District Plan*

Pursuant to the Property and Business Improvement District Law of 1994 (California Streets and Highways Code § 36600 et seq.) (the “PBID Law”), the PBID is proposed to be formed for a 5-year term. Upon receipt of petitions signed by property owners representing greater than 50% of the PBID assessable budget, the City will initiate a ballot procedure to officially form the PBID. Governed by an Owners’ Association, the PBID will deliver enhanced services to improve and convey special benefits to properties located within the PBID boundary, above and beyond those provided by the City.

The PBID will provide enhanced improvements and activities, such as, cleaning the downtown, improving safety, beautifying the downtown, as well as economic vitality, marketing and special events. Each of the activities is designed to meet the goals of the District; to improve the appearance and safety of the PBID, to increase building occupancy and lease rates, to encourage new business development and attract ancillary businesses and services.

<b>Location</b>	The PBID is approximately 25 square blocks of the downtown area. It is roughly bounded by 16 <sup>th</sup> Street to the South, R Street to the west, 18 <sup>th</sup> and 19 <sup>th</sup> Streets to the north, and G Street to the east. The PBID is allocated into three benefit zones to reflect the level of service and special benefits each parcel will receive. (See Section 3 for boundary description and map.)
<b>Services &amp; Activities</b>	<p>The PBID will finance services that will enhance the experience within the downtown for property owners, businesses, residents, employees, and visitors, including:</p> <p><b>Clean, Safe, and Beautiful:</b></p> <ul style="list-style-type: none"><li>• <u>Community Engagement Team</u> that supports law enforcement, property owners and businesses in overall crime prevention efforts above what the City provides while providing concierge service to customers, residents, and employees.</li><li>• <u>Maintenance Services</u> that will sweep, scrub and pressure wash sidewalks and public spaces, remove litter, trash and graffiti, and provide/maintain landscaping throughout the District.</li><li>• <u>Lighting</u> that increases the level of safety, which may include lighting the alleyways, decorative street lighting, and tree lighting.</li><li>• <u>Beautification</u> such as installing and operating streetscape furniture, bike</li></ul>



racks, information kiosks, holiday décor, and wayfinding signage.

**Economic Vitality:**

- Marketing and Communication activities to market the downtown and that pro-actively promotes a positive image of the downtown
- Special Events that draw visitors to the downtown.

**Management:**

- Administration activities that manage the PBID programs, communicates with stakeholders and advocates on behalf of the district.

The table below itemizes the services and frequency each benefit zone shall receive, e.g., the Downtown Core will receive 2x the level of service than the Base Level.

PBID Activity	Base Level x 1.0	Enhanced Zone x 1.5	Downtown Core x 2.0
Community Engagement Team	X	X	X
Clean Team	X	X	X
Lighting			X
Beautification		X	X
Economic Vitality	X	X	X
Management	X	X	X

**Method of Financing**

Levy of assessments upon real property that receive a special benefit from enhanced services.

**Budget**

Total PBID budget for its first year of operations is **\$426,000**, as follows:

EXPENDITURES	TOTAL BUDGET	% of Budget
Clean, Safe, Beautiful	\$305,000	71.60%
Economic Vitality	\$35,000	8.22%
Management	\$86,000	20.19%
<b>Total Expenditures</b>	<b>\$426,000</b>	<b>100.00%</b>
REVENUES		
Assessment Revenues	\$417,480	98.00%
Other Revenues (1)	\$8,520	2.00%
<b>Total Revenues</b>	<b>\$426,000</b>	<b>100.00%</b>

(1) An allowance is made for general benefits that the PBID may provide. Any PBID services that are found to provide general benefit cannot be paid for with assessment revenue. A certified engineer has estimated that the general benefit from the PBID services accounts for \$8,520 of the estimated budget, resulting in a total assessable budget of \$417,480.



<b>Assessments</b>	<p>Annual assessments are based upon an allocation of program costs and a calculation of lot square footage plus building square footage plus linear street frontage. For example, the Clean/Safe/Beautiful budget is allocated 50% each to building square footage plus linear street frontage. Economic Vitality budget is allocated 50% each to lot square footage and building square footage. Management budget is allocated 1/3 to each of lot square footage, building square footage and linear street frontage.</p> <p>Estimated annual maximum assessment rates for each benefit zone for the first year of the PBID are as follows:</p> <table><tr><th>Benefit Zone</th><th>Lot SF</th><th>Bldg SF</th><th>Linear</th></tr><tr><td>Base Level</td><td>\$0.0113</td><td>\$0.0997</td><td>\$3.2074</td></tr><tr><td>Enhanced Zone</td><td>\$0.0113</td><td>\$0.1178</td><td>\$6.3273</td></tr><tr><td>Downtown Core</td><td>\$0.0113</td><td>\$0.1178</td><td>\$7.9310</td></tr></table>	Benefit Zone	Lot SF	Bldg SF	Linear	Base Level	\$0.0113	\$0.0997	\$3.2074	Enhanced Zone	\$0.0113	\$0.1178	\$6.3273	Downtown Core	\$0.0113	\$0.1178	\$7.9310
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<b>CPI Increase</b>	Assessments will be subject to an annual increase of up to 5% per year to address changes in the cost of providing services. The determination of annual adjustments in assessment rates will be subject to review and approval by the PBID Owners' Association and City Council and will be subject to the requirements of the PBID Law. The Owners' Association will develop annual budgets and service programs each year which will be presented to the City Council for approval.																
<b>City Services</b>	The City has established and documented the base level of pre-existing City services. The PBID will not replace any pre-existing general City services.																
<b>Existing City Districts</b>	Upon City Council approval of the Downtown Merced PBID, the City Council shall simultaneously eliminate both the downtown maintenance district and the part of the business license tax that funds marketing and special events, as both these districts' services will now be provided in the newly formed PBID.																
<b>Collection</b>	PBID assessments appear as a separate line item on the annual Merced County property tax bills.																
<b>District Governance</b>	The PBID will be managed by a nonprofit organization that will act as the PBID Owners' Association. The Owners' Association will be governed by a Board of Directors comprised of a majority of PBID property owners. The Board will determine PBID annual services and budgets.																
<b>District Formation</b>	The PBID Law requires the submission of petitions signed by property owners in the proposed district who will pay more than 50% of the total assessments (i.e., petitions must represent <b>more than 50% of the \$417,280</b> to be assessed). Petitions are submitted to the City Clerk, who then mails ballots to all assessed property owners. The majority of ballots returned, as weighted by assessments to be paid, must be in favor of the PBID for the City Council to approve the formation.																

<b>Duration</b>	The PBID's initial 5-year term will run from January 1, 2024, through December 31, 2028. Any subsequent renewal of the PBID will require a new Management District Plan, petition, and ballot process, any may be renewed up to 10 years.
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## SECTION 2: PBID BOUNDARY

### *PBID Boundary*

The PBID is approximately 25 square blocks of the downtown area. It is roughly bounded by 16<sup>th</sup> Street to the South, R Street to the west, 18<sup>th</sup> and 19<sup>th</sup> Streets to the north, and G Street to the east.

### *Benefit Zones*

There are three benefit zones within the PBID to reflect the varying needs and frequency of services within the PBID boundary. The **Base Level** includes every parcel in the district. The **Enhanced Zone** includes every parcel with frontage along 18<sup>th</sup> Street between I Street and R Street, as well as parcels with frontage along W Main Street between G Street and V Street. The **Downtown Core** includes every parcel with frontage along W Main Street or 18<sup>th</sup> Street between Martin Luther King and O Street.

#### **Base Level**

Every parcel within the PBID will receive the Base Level of services for the Clean and Community Engagement Teams as well as the Economic Vitality and Management. Parcels that are within the Base Level and not included in either the Enhanced Zone or Downtown Core, have significantly less pedestrian traffic and commercial uses. In light of that, these parcels will receive the base level of services from the Clean and Community Engagement teams as well as the Economic Vitality and Management. However, parcels that are strictly in the Base Level zone will not receive any of the Beautification activities, and thus, will not be assessed for those services. The Base Level parcels will pay an assessment rate equal to 100% of the special benefits received.

#### **Enhanced Zone**

The parcels in the Enhanced Zone have a higher level of commercial use and pedestrian traffic than the parcels strictly in the Base Level. The Enhanced Zone parcels will receive all the PBID services from the Base Level plus the Beautification activities. In addition, it is anticipated that the Clean and Community Engagement Teams within the Enhanced Zone will provide 1.5 times the frequency of service than they provide in the Base Level. The Enhanced Zone parcels will pay an assessment rate equal to 100% of the special benefits received.

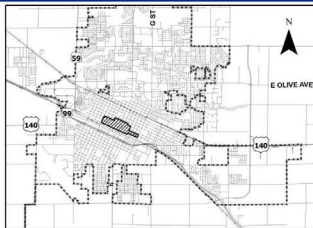
#### **Downtown Core**

The parcels in the Downtown Core have the highest concentration of commercial use and pedestrian traffic, and thus will receive the highest level and frequency of the PBID services. The Downtown Core parcels will receive all the services that the parcels in both the Base Level and the Enhanced Zone receive, but it is anticipated that the Clean and Community Engagement Teams within the Downtown Core will provide 2.0 times the frequency of service than they provide in the Base Level. In addition, the Beautification services will be more concentrated than even in the Enhanced Zone. The Downtown Core parcels will pay an assessment rate equal to 100% of the special benefits received.

A map of the proposed district boundary and benefit zones is on the following page.



### City of Merced - Property Based Improvement District



- LEGEND
- ENHANCED ZONE
  - BEAUTIFICATION AREA
  - DOWNTOWN CORE
  - PROPERTY BASED IMPROVEMENT DISTRICT BASE LEVEL
  - PROPERTY BOUNDARIES
  - CITY OF MERCED LIMITS

## SECTION 3: PBID ACTIVITY AND IMPROVEMENT PLAN

### *Background and Feasibility*

As determined by downtown property and business owners, the top priorities for services and activities within the Downtown Merced PBID boundary include:

- ◆ Clean, Safe and Beautiful
- ◆ Economic Vitality
- ◆ Management

Based upon these findings, these activities will be funded by the PBID. The following narrative provides recommendations for the PBID's first year of operation. PBID activities may be amended in subsequent years within the following general categories. Final activities and budgets will be subject to the review and approval of the PBID Owners' Association prior to City Council approval.

### *Clean, Safe and Beautiful*

To respond to stakeholder priorities and guiding principles to make Downtown Merced more welcoming, clean and beautiful, the PBID will fund a safety program as well increased maintenance and beautification efforts. The PBID Clean, Safe and Beautiful activities are intended to improve commerce and quality of life by making each individually assessed parcel safer, cleaner and more attractive, which will encourage investment dollars and generate additional pedestrian traffic.

The following is a multi-dimensional approach for providing a safer, cleaner, and more aesthetically appealing downtown.

#### **Community Engagement Team:**

The Community Engagement Team will provide safety services for the individual parcels located within the PBID in the form of walking, bike or vehicle patrols. The purpose of the Community Engagement Team is to prevent, deter and report illegal activities taking place on the streets, sidewalks, storefronts, parking lots, and public alleys. The presence of the Community Engagement Team is intended to deter such illegal activities as vandalism, graffiti, narcotic use or sales, public urination, trespassing, drinking in public, illegal panhandling, and illegal dumping. The safety activities will supplement, not replace, other ongoing City police, security, and patrol efforts within the PBID.

In addition, the Community Engagement Team may engage people who are engaging in aggressive panhandling, to suggest and coordinate services, and will document each incident and activity to track the frequency of illegal and threatening behaviors to mobilize enforcement efforts of those people resisting services.

The Community Engagement Team will continually circulate through the district to identify the population that is engaged in illegal or threatening behaviors, engage homeless people to build relationships and encourage assistance from social service providers to coordinate service delivery, triage the needs of homeless people to encourage appropriate services from provider





agencies, and will document all interactions so that these individuals can be prioritized based on need.

### **Maintenance Services:**

The Clean Team consistently deals with maintenance issues within the PBID by providing the following cleaning and maintenance services:

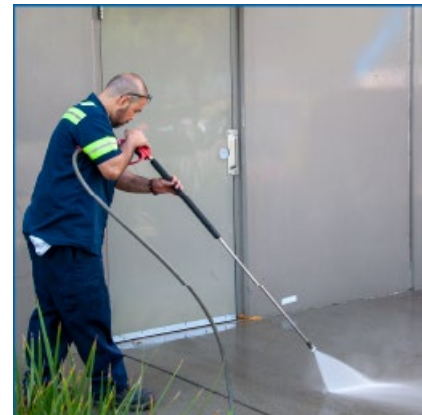
Sidewalk Maintenance: Uniformed, radio-equipped personnel sweep litter, debris, and refuse from sidewalks, and gutters, as well as public spaces of the PBID, and clean all sidewalk hardscape such as trash receptacles, benches, and parking meters.

Trash Collection: Collector truck personnel collect trash from sidewalk trash receptacles as needed. They are also dispatched to collect stolen shopping carts and large bulky items illegally dumped in the PBID.

Graffiti Removal: The Clean Team can remove graffiti using solvent and pressure washing. The PBID will maintain a zero-tolerance graffiti policy. All tags will aim to be removed within 48 hours of notification.

Sidewalk Pressure Washing: Pressure wash all sidewalks and public spaces on an as needed basis with areas of high pedestrian traffic receiving the highest concentration. However, during drought years pressure washing may not be permitted.

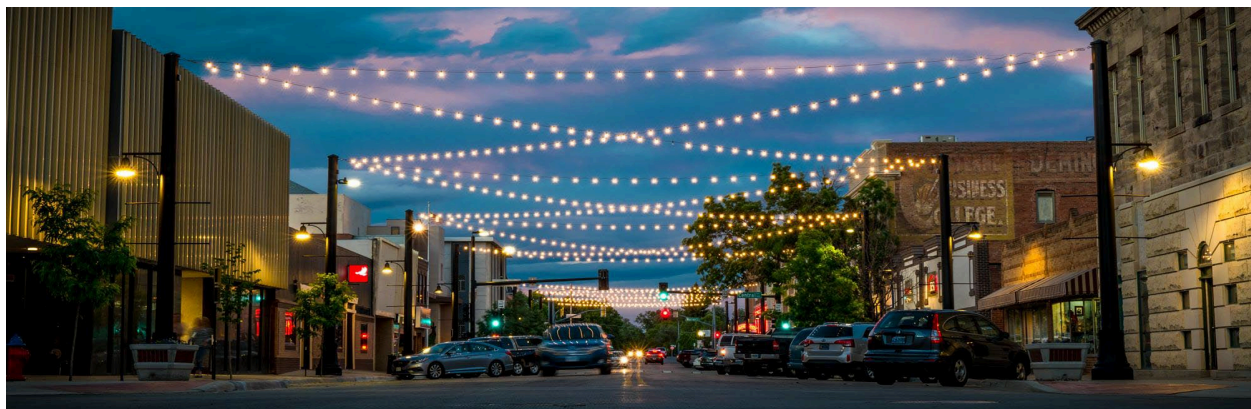
Landscape Maintenance: Public landscape areas including tree wells and planters will be maintained and kept free of litter and weeds.



*Note: As part of the PBID formation, the existing downtown maintenance district will be eliminated. Those services will now be funded through the PBID.*

### **Lighting:**

Special lighting in the Downtown Core will be added as an additional level of safety as well as beautification. The lighting activities may include lighting the alleyways, decorative street lighting, and tree lighting.



### **Beautification & Placemaking:**

In addition to clean and safe services, the PBID budget includes funds for beautification and placemaking improvements that are defined as cosmetic enhancements that improve the appearance and walkability within the PBID, in turn encouraging customer traffic and improved quality of life for residents. Examples of beautification improvements might include:

- Street furniture and amenities, such as benches, kiosks and lighting
- Design and installation of flowering planters and baskets
- Design and installation of art and decorative elements
- Holiday décor
- Bicycle racks and other hardware
- Urban design and/or planning services to advance beautification efforts
- Other cosmetic enhancements that improve the PBID's appearance



### **Economic Vitality**

In addition to the Clean, Safe and Beautiful activities, a comprehensive economic vitality program has been included as a key component to the PBID. As the Downtown comes out of the COVID-19 pandemic and there is a more favorable economic climate, the activities for economic enhancements may include:

### **Marketing and Communication:**

It is important to not only provide the services needed in the PBID, but to tell the story of improvement in the PBID. Some of the marketing programs being considered are:

- Image and Marketing materials
- Media Advertising
- Website
- Meetings & Workshops
- Newsletter
- Maintain Social Media Outlets
- Restaurant/Retail Listing & Map

### **Special Events:**

Promote and host special events downtown that draw residents and visitors that encourage them to eat at the local restaurants, shop downtown, engage in any type of commercial activity. Events may include culinary events, arts festivals, holiday parades, music events or any other special event that draws people to the downtown area.

### **Special Projects/Project Collaboration:**

Special projects will be initiated to tackle issues that are overlooked or items that can leave a lasting impression on stakeholders in the PBID. Special project opportunities include painting of street fixtures to include utility boxes, benches, light poles, etc., thorough cleaning of tree wells, power washing and repair of waste cans, and thorough scrubbing and cleaning of street fixtures.

The PBID may also use funds to collaborate with the City or any other organization on projects that benefit the downtown area.



*Note: As part of the PBID formation, the existing portion of the business license double tax that was assessed against businesses for the purposes of funding marketing and special events will be eliminated. Those services will now be funded through the PBID.*

As discussed above, the parcels in the PBID boundary are allocated into three benefit zones based on the types and frequency of PBID service deployment. The table below itemizes the services and frequency each benefit zone shall receive, e.g., the Downtown Core will receive 2x the level of service than that of the Base Level.

PBID Activity	Base Level x 1.0	Enhanced Zone x 1.5	Downtown Core x 2.0
Community Engagement Team	X	X	X
Clean Team	X	X	X
Lighting			X
Beautification		X	X
Economic Vitality	X	X	X
Management	X	X	X

## Management

Like any business, the PBID will require a professional staff to properly manage programs, communicate with stakeholders and provide leadership. The PBID supports a professional staff that delivers the PBID services and advocates on behalf of the parcels in downtown Merced. The PBID advocacy services will provide direction on policies and issues that affect the business district.

Management services may include compensation for an Executive Director, an administrative assistant or any other staff member, or subcontractor the Owner's Association deems necessary to manage the PBID services. The management team is responsible for providing the day-to-day operations. PBID funds may be used to leverage additional monies from sponsorships, contracts, grants and earned income. Additional administrative costs may include accounting and annual financial reviews, insurance, program support costs including supplies, equipment and rent, utilities County assessment collection fee, estimated at 1% of assessments, and other administration costs associated with the overhead and administrative support of programs.

## SECTION 4: PBID ASSESSMENT BUDGET

### 2024 PBID Assessment Budget

The following table outlines the PBID maximum assessment budget for 2024.

EXPENDITURES	TOTAL BUDGET	% of Budget
Clean, Safe, Beautiful	\$305,000	71.60%
Economic Vitality	\$35,000	8.22%
Management	\$86,000	20.19%
<b>Total Expenditures</b>	<b>\$426,000</b>	<b>100.00%</b>
REVENUES		
Assessment Revenues	\$417,480	98.00%
Other Revenues (1)	\$8,520	2.00%
<b>Total Revenues</b>	<b>\$426,000</b>	<b>100.00%</b>

(1) Other non-assessment funding to cover the cost associated with general benefit.

### Budget Adjustments

The services proposed for year one of the term are the same services that are proposed for subsequent years. Assessments will be subject to an annual increase of up to 5% per year to address changes in the cost of providing services. The determination of annual adjustments in assessment rates will be subject to review and approval by the PBID Owners' Association and City Council and will be subject to the requirements of the PBID Law.

### 5-Year Maximum Budget

The following table illustrates the PBID's maximum annual budget for the 5-year term based on Year 1 of inventory of development, adjusting it by the maximum 5% increase.

	Clean/Safe	Economic	Management	Total
Year 1	\$305,000	\$35,000	\$86,000	\$426,000
Year 2	\$320,250	\$36,750	\$90,300	\$447,300
Year 3	\$336,263	\$38,588	\$94,815	\$469,665
Year 4	\$353,076	\$40,517	\$99,556	\$493,148
Year 5	\$370,729	\$42,543	\$104,534	\$517,806

The cost of PBID improvements and activities may vary in any given year depending on market conditions and the cost of providing those services. Expenditures for each of the line items may be adjusted up or down 10% between them to continue the same level of service. The Owners' Association Board of Directors shall make such determination. In addition, any annual budget surplus, including those created through cost saving measures, unexpected reductions in expenses or unanticipated increases to income, will be rolled into the following year's budget. The carryover funds will be applied to the same budget line item as the line item that was the source of the carryover funds. The budget will be adjusted accordingly consistent with the Management District Plan to adjust for surpluses that are carried forward to ensure that the PBID is spending these funds in a timely manner and is complying with applicable State laws. Any change in line-

item expenditures and/or budget surplus will be approved by the Owners' Association Board of Directors and submitted in the annual report, pursuant to Section 36650 of the State Law.

**PBID Renewal**

PBID funds, which may consist of rollover funds may be used for renewing the district.

**Bond Issuance**

No bonds will be issued to finance improvements.

## SECTION 5: ASSESSMENT METHODOLOGY

### *General*

This Management District Plan provides for the levy of assessments for the purpose of providing services and activities that specially benefit real property in the PBID. These assessments are not taxes for the general benefit of the City but are assessments for the services and activities which confer special benefits upon the real property for which the services and activities are provided.

### *Assessment Factors*

Each parcel's proportional special benefit from the PBID activities is determined by analyzing three parcel characteristics: Building Square Footage, Lot Square Footage, and Linear Street Frontage. These parcel characteristics are an equitable way to identify the proportional special benefit that each of the assessed parcels receive. Building square footage is relevant to the current use of a property and is also closely correlated to the potential pedestrian traffic from each parcel and the demand for PBID activities. The lot square footage reflects the long-term value implications of the improvement district. A parcel's linear street frontage is relevant to the street level usage of a parcel and the demand for PBID activities. Together, these parcel characteristics serve as the basic unit of measure to calculate how much special benefit each parcel receives in relationship to the district as a whole, which is then the basis to proportionately allocate the cost of the special benefits.

**Building square footage** is defined as the total building square footage as determined by the outside measurements of a building. The gross building square footage is taken from the County Assessor's records. Building square footage is used as the characteristic to assess  $\frac{1}{2}$  the cost of Clean, Safe and Beautiful activities,  $\frac{1}{2}$  the cost of Economic Vitality activities, and  $\frac{1}{3}$  the cost of the Management activities.

**Lot square footage** is defined as the total amount of area within the boundaries of the parcel. The boundaries of a parcel are defined on the County Assessor parcel maps. Lot square footage is used as the characteristic to assess  $\frac{1}{2}$  the cost of Economic Vitality activities, and  $\frac{1}{3}$  the cost of the Management activities.

**Linear street frontage** is defined as the number of linear feet of each parcel that directly fronts a street that will receive the PBID activities. Corner lots or whole block parcels will be assessed for each side of the parcels' street frontage. Linear street frontage is used as the characteristic to assess  $\frac{1}{2}$  the cost of Clean, Safe and Beautiful activities, and  $\frac{1}{3}$  the cost of the Management activities. Linear street frontage is then weighted based on each side the parcel's frontage is in each of the three benefit zones. That is, a parcel with frontage in the Base Level benefit zone receives a weighted factor of 1.0 for that frontage. A parcel with frontage in the Enhanced Zone benefit zone receives a weighted factor of 1.5 for that frontage. A parcel with frontage in the Downtown Core benefit zone receives as weighted factor of 2.0 for that frontage.

Each one of these characteristics represents the benefit units allocated to each specially benefitted parcel. The total number of assessable benefit units in the PBID are as follows:

Benefit Zone	Benefit Units		
	Lot SF	Bldg SF	Linear Frontage
Base Level	1,245,058	368,205	20,317
Enhanced Zone	816,813	358,771	5,660
Downtown Core	1,268,420	994,202	10,403
<b>TOTAL Benefit Units</b>	<b>3,330,291</b>	<b>1,721,178</b>	<b>36,407</b>

### ***Assessment Methodology***

The proportionate special benefit each assessed parcel receives shall be determined in relationship to the entirety of the capital cost of the PBID improvements and activities. Due to the proportionate special benefits received by these individual parcels from the PBID services, these parcels will be assessed at a rate which is proportionate to the amount of special benefits received. Only special benefits are assessable, and these benefits must be separated from any general benefits. As required by the State Constitution Article XIIID Section 4(a), the general benefits of an assessment district must be quantified and separated out so that the cost of the activities that are attributed to general benefit are deducted from the cost assessed against each specially benefitted parcel. General benefits are benefits from the PBID activities and improvements that are not special in nature, are not “particular and distinct” and are not over and above the benefits that other parcels receive. The attached Engineer’s Report has calculated that 2.0% of the PBID activities may be general in nature and will be funded from sources other than special assessments, see Section E of the Engineer’s Report for discussion of special and general benefits.

### ***Calculation of Assessments***

The PBID services and activities will be deployed throughout the district at various levels depending on the benefit zone. The cost of the special benefits received from these services is apportioned in direct relationship to each parcel’s benefit units, i.e., building square footage, lot square frontage, and linear street frontage as discussed above. The sum of the total assessable benefit units in the PBID is then divided into the assessment budget to determine the assessment rate for each benefit unit.

Specifically, the PBID budget is allocated as follows:

**Clean, Safe and Beautiful** and is assessed 50% each to building square feet and linear street frontage.

**Economic Vitality** and is assessed 50% each to building square feet and lot square feet.

**Management** is assessed 1/3 each to building square feet, lot square feet and linear street frontage.

## **Assessment Rates**

Based on the assessment factors, benefit zones and assessment calculation discussed above, the following table illustrates the PBID's maximum annual assessment rates each benefit unit and benefit zone for the 5-year life term, adjusting it by the maximum 5% increase for PBID activities.

Benefit Zone	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Base Level</b>					
Lot SF	\$0.0113	\$0.0118	\$0.0124	\$0.0130	\$0.0137
Bldg SF	\$0.0997	\$0.1046	\$0.1099	\$0.1154	\$0.1211
Linear	\$3.2074	\$3.3678	\$3.5362	\$3.7130	\$3.8987
<b>Enhanced Zone</b>					
Lot SF	\$0.0113	\$0.0118	\$0.0124	\$0.0130	\$0.0137
Bldg SF	\$0.1178	\$0.1237	\$0.1299	\$0.1364	\$0.1432
Linear	\$6.3273	\$6.6436	\$6.9758	\$7.3246	\$7.6908
<b>Downtown Core</b>					
Lot SF	\$0.0113	\$0.0118	\$0.0124	\$0.0130	\$0.0137
Bldg SF	\$0.1178	\$0.1237	\$0.1299	\$0.1364	\$0.1432
Linear	\$7.9310	\$8.3276	\$8.7439	\$9.1811	\$9.6402

## **Sample Parcel Assessments**

The initial annual parcel assessment for a parcel with 5,000 building square feet, 5,000 lot square feet, and 50 linear feet in the Base Level Zone is calculated as follows:

Bldg square footage x the assessment rate (5,000 x \$0.0997) =	\$498.50
Lot square footage x the assessment rate (5,000 x \$0.0113) =	\$ 56.50
Linear street frontage x the assessment rate (50 x \$3.2074) =	<u>\$160.37</u>
Initial annual parcel assessment	\$715.37

The initial annual parcel assessment for a parcel with 5,000 building square feet, 5,000 lot square feet, and 50 linear feet in the Enhanced Zone is calculated as follows:

Bldg square footage x the assessment rate (5,000 x \$0.1178) =	\$589.00
Lot square footage x the assessment rate (5,000 x \$0.0113) =	\$ 56.50
Linear street frontage x the assessment rate (50 x \$6.3273) =	<u>\$316.37</u>
Initial annual parcel assessment	\$961.87

The initial annual parcel assessment for a parcel with 5,000 building square feet, 5,000 lot square feet, and 50 linear feet in the Downtown Core is calculated as follows:

Bldg square footage x the assessment rate (5,000 x \$0.1178) =	\$589.00
Lot square footage x the assessment rate (5,000 x \$0.0113) =	\$ 56.50
Linear street frontage x the assessment rate (50 x \$7.9310) =	<u>\$396.55</u>
Initial annual parcel assessment	\$1,042.05

## **Annual Assessment Adjustments**

### **Budget Adjustment**

Assessments will be subject to an annual increase of up to 5% per year to address changes in the cost of providing the PBID services identified above. In addition, assessments may be

increased up to an additional 5% with those revenues being specifically allocated to a capital reserve account to fund/augment the Beautification and Street Life services, including matching funds or leveraging capital improvement projects. The determination of annual adjustments in assessment rates will be subject to review and approval by the PBID Owners' Association and City Council and will be subject to the requirements of the PBID Law.

## ***PBID Guidelines***

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### **Time and Manner for Collecting Assessments**

As provided by State Law, the PBID assessment will appear as a separate line item on annual property tax bills prepared by the County of Merced. The Merced City Clerk's office may directly bill any property owners whose special assessment does not appear on the tax rolls for each year of the BID term. The assessments shall be collected at the same time and in the same manner as for the ad valorem property tax paid to the County of Merced. These assessments shall provide for the same lien priority and penalties for delinquent payment as is provided for the ad valorem property tax.

### **Disestablishment**

State law provides for the disestablishment of a PBID pursuant to an annual process. The 30-day period begins each year on the anniversary day that the City Council first established the PBID. Within this annual 30-day period, if the owners of real property who pay more than 40% of the assessments levied submit a written petition for disestablishment, the PBID may be dissolved by the City Council. The City Council must hold a public hearing on the proposed disestablishment before voting on whether to disestablish the PBID.

### **Duration**

The PBID will have a five-year term commencing January 1, 2024 through December 31, 2028. Any major modifications or new or increased assessments during the term of the PBID that are not consistent with the provisions of this MDP will require a new mail ballot process.

To build in flexibility and adapt to new developments and economic conditions this PBID renewal will incorporate opportunities to further consider boundary adjustments and shifting resources within PBID service areas midstream, rather than waiting another ten years. A five-year "check in" will require an assessment of Downtown development, market influences, and place management needs. Anticipated changes to Downtown Merced over the next decade are simply too great to lock into a restrictive, ten-year plan and budget.

### **Future Development**

As a result of continued development, the PBID may experience the addition or subtraction of assessable footage for parcels included and assessed within the PBID boundaries. The modification of parcel improvements assessed within the PBID may then change upwards or downwards the amount of total footage assessment for these parcels, pursuant to Government Code 53750(h)(3), will be prorated to the date the parcel receives the temporary and/or permanent certificate of occupancy.

In future years, the assessments for the special benefits bestowed upon the included PBID parcels may change in accordance with the assessment methodology formula identified in the MDP and Engineer's Report provided the assessment rate does not change. The assessment formula can only be changed in accordance with the provisions of the PBID Law and any other applicable laws.



## **SECTION 6: PBID GOVERNANCE**

### ***City Council***

Following the submission of petitions from property owners representing more than 50% of the assessments to be paid, the City Council, upon holding a public hearing on the proposed PBID, may form the PBID. The PBID is formed by a City Council resolution, including the levy of an assessment on property, if the assessment is first approved by parcel owners in a balloting process.

### ***PBID Governance***

The PBID Law “establishes a governance framework that allows property owners who pay assessments the ability to determine how the assessments are used. This Management District Plan may be subject to changes if California state law or the Sacramento City Code changes.

### **Downtown Merced PBID**

The PBID will contract with a nonprofit organization that will act as the Owners’ Association and governing board for the PBID. The role of the Owners’ Association is consistent with similar PBIDs and management organizations throughout California and the nation. The Owners’ Association determines budgets, proposes any assessment adjustments and monitors service delivery. As part of the Management District Plan, the nonprofit organization oversees the delivery of day-to-day PBID activities.

Pursuant to the PBID Law, the Owners’ Association Board of Directors is subject to disclosure and notification guidelines set by the Ralph M. Brown Act and California Public Records Act when conducting PBID business.

The PBID Owners’ Association Board of Directors will represent a cross section of property owners found throughout the district. The goal and spirit of the board’s composition is to have a majority of property owners, but also include representatives from businesses, government, and residents that pay PBID assessments.

## **SECTION 7: IMPLEMENTATION TIMELINE**

The Downtown Merced PBID is expected to be formed and begin implementation of the Management District Plan on January 1, 2024. The Jack London Business Improvement District will have a ten-year life through December 31, 2028.

## SECTION 8: ASSESSMENT ROLL

The total assessment amount for FY 2023/24 is \$417,480 apportioned to each individual assessed parcel, as follows.

APN	OWNER NAME	SITE ADDRESS	PARCEL ASSMTS
031-134-007	1635 M St Merced L L C	1635 M St	\$2,676.74
031-122-019	4 Life International Center	912 Main St W	\$3,234.01
031-131-010	719 West Main Llc	719 Main St W	\$721.50
031-042-014	A M D Asset Holdings Llc	945 18Th St W	\$642.09
031-141-004	Abtahi Hamid Trustee & Kakkar Priyanka	1733 Canal St	\$1,468.76
031-123-014	Albertoni Susan L & Burk John E	820 18Th St W	\$697.84
031-144-001	Allen Sonia & Gonzalez Ramon Salvador Trustees	460 Main St W	\$1,362.70
031-144-037	Allen Sonia Trustees	510 Main St W	\$716.85
031-154-003	Allen Sonia Trustees & Gonzalez Ramon Salvador Tru	230 Main St W	\$846.73
031-154-015	Allen Sonia Trustees & Gonzalez Ramon Salvador Tru	1626 Martin Luther King Jr Way	\$577.47
031-113-012	Alonzo Fernando Aguilera & Acosta Aurora N	1033 Main St W	\$1,199.96
031-113-019	Alonzo Fernando Aguilera & Acosta Aurora N	1041 Main St W	\$200.13
031-153-011	Ambriz Aristeo Pedraza & Ana	221 Main St W	\$496.14
031-051-006	American Agcredit Flca	1905 N St	\$1,559.14
031-051-007	American Agcredit Flca	725 19Th St W	\$195.86
031-072-018	Amro Abdulghani Trustee	301 18Th St W	\$1,842.34
031-122-013	Any Merced Inc	963 16Th St W	\$932.44
031-132-011	Arc Dbpprop001 Llc	710 Main St W	\$7,734.40
031-152-017	Arroyo Melissa	1624 K St	\$714.98
031-064-015	Athoula Group Llc	443 18Th St W	\$1,953.76
031-122-014	Atwareeth Ibrahim A & Mohamed Ayida S	961 16Th St W	\$1,007.23
031-072-005	Aue Dennis R & Patricia M Trustees	328 19Th St W	\$403.29
031-053-014	Ayers Yvonne K Trustee	635 19Th St W	\$1,284.05
031-064-012	Bandoni Ruby J Trustee	428 19Th St W	\$626.66
031-072-006	Bartholomew Robin S	314 19Th St W	\$455.21
031-121-001	Bellamy Tashandra	960 18Th St W	\$985.39
031-144-003	Beltran Edwardo	442 Main St W	\$1,364.71
031-151-006	Beltran Edwardo	325 Main St W	\$2,727.88
031-151-009	Benson Capital Inc	355 Main St W	\$1,061.58
031-161-016	Bette C Gaestel Childrens L L C	159 Main St W	\$1,509.11
031-134-004	Bette C Gaestel Childrens Llc	628 Main St W	\$1,364.71
031-064-003	Blank Richard M	426 19Th St W	\$370.77
031-144-032	Blauert Donald E & Blithe P Trustees	534 Main St W	\$1,364.71
031-144-033	Blauert Donald E & Blithe P Trustees	524 Main St W	\$1,364.71
031-064-005	Brandon Shirley L Trustee	412 19Th St W	\$522.48
031-064-006	Brandon Shirley L Trustee	406 19Th St W	\$1,111.63
031-144-034	Brawley Mason Trustee	520 Main St W	\$1,364.23
031-123-017	Brenda Group Lp	1755 O St	\$1,711.35
031-152-008	Bressler Richard & Rose Ann	320 Main St W	\$1,364.71

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031-042-016	Brewer Randy V & Lori A Trustee	1820 Q St	\$788.95
031-064-009	Brownstone Capital Partners Llc	437 18Th St W	\$608.54
031-123-011	Brownstone Capital Partners Llc	843 Main St W	\$244.82
031-123-012	Brownstone Capital Partners Llc	847 Main St W	\$699.78
031-034-016	C & H Development Co A Corporation	1810 R St	\$1,542.44
031-124-007	C C M W Inc A Corporation	831 16Th St W	\$667.35
031-152-006	Catholic Charities Of Diocese Of Fresno	336 Main St W	\$1,364.71
031-072-012	Caton Clifford J	333 18Th St W	\$1,239.24
031-122-006	Caton Clifford J Trustee	906 17Th St W	\$1,140.88
031-122-017	Caton Clifford J Trustee	942 Main St W	\$812.68
031-122-018	Caton Clifford J Trustee	950 Main St W	\$523.93
031-151-010	Caton Clifford J Trustee	359 Main St W	\$2,555.53
031-163-011	Caton Clifford J Trustee	35 Main St W	\$1,919.78
031-164-004	Caton Clifford J Trustee	32 Main St W	\$630.81
031-124-010	Cen Cal Land & Cattle Company L L C	842 Main St W	\$4,411.86
031-063-012	Central Presbyterian Church Inc		\$3,360.56
031-064-001	Central Presbyterian Church Inc	1850 Canal St	\$1,019.73
031-152-001	Chan King & Li	360 Main St W	\$1,434.70
031-161-014	Chavez Chrispin O & Yolanda S	137 Main St W	\$355.92
031-162-004	Chavez Chrispin Ortiz & Yolanda Sarabia Trustees	134 Main St W	\$443.69
031-072-004	Cifuentes Mauricio	336 19Th St W	\$457.00
031-072-008	Cisneros Jesus	1835 Martin Luther King Jr Way	\$725.94
031-163-014	Cisneros Juan Manuel Rosas	61 Main St W	\$1,682.72
031-164-001	Cisneros Juan Manuel Rosas & Martinez Consuela Mar	60 Main St W	\$1,053.93
031-161-021	Cisneros Juan Manuel Rosas & Martinez Consuelo Mar	101 Main St W	\$801.63
031-162-007	Cisneros Juan Manuel Rosas & Martinez Consuelo Mar	100 Main St W	\$3,050.04
031-164-002	Cisneros Juan Manuel Rosas & Martinez Consuelo Mar	52 Main St W	\$300.53
031-164-003	Cisneros Juan Manuel Rosas & Martinez Consuelo Mar	50 Main St W	\$244.82
031-153-014	Citrus Beginnings Lp	259 Main St W	\$1,104.85
031-052-006	City Of Merced		\$122.41
031-052-007	City Of Merced		\$854.83
031-052-008	City Of Merced		\$1,683.62
031-052-010	City Of Merced		\$890.04
031-064-007	City Of Merced	415 18Th St W	\$3,378.27
031-072-011	City Of Merced		\$721.50
031-114-016	City Of Merced		\$305.77
031-133-012	City Of Merced	645 Main St W	\$2,047.00
031-133-014	City Of Merced		\$85.92
031-133-018	City Of Merced	678 18Th St W	\$12,202.34
031-134-008	City Of Merced	1621 M St	\$101.30
031-134-009	City Of Merced	1617 M St	\$101.30
031-134-010	City Of Merced	1615 M St	\$101.30

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031-134-013	City Of Merced		\$612.06
031-134-014	City Of Merced	639 16Th St W	\$244.82
031-134-020	City Of Merced	645 16Th St W	\$244.82
031-134-022	City Of Merced	1613 M St	\$544.46
031-141-018	City Of Merced		\$1,655.49
031-144-027	City Of Merced		\$2,439.71
031-144-040	City Of Merced		\$1,224.12
031-151-001	City Of Merced		\$3,354.16
031-151-002	City Of Merced		\$721.50
031-151-003	City Of Merced	314 18Th St W	\$481.00
031-151-004	City Of Merced	1739 Martin Luther King Jr Way	\$962.12
031-151-005	City Of Merced	301 Main St W	\$4,637.20
031-151-008	City Of Merced		\$481.00
031-152-005	City Of Merced		\$481.00
031-153-013	City Of Merced		\$512.27
031-161-001	City Of Merced	1744 I St	\$377.05
031-153-017	Clarkson Thomas Brooks	235 Main St W	\$900.97
031-164-014	Clift Muril N & Vicki L Trustee	2 Main St W	\$2,464.58
031-143-002	Copper Rhino Llc	1730 Canal St	\$1,057.52
031-144-038	County Of Merced	550 Main St W	\$3,360.97
031-144-039	County Of Merced		\$3,183.20
031-042-012	Cruz Jose Rodriguez & Antonia	929 18Th St W	\$726.51
031-052-015	Curry Thomas M	728 19Th St W	\$511.82
031-052-013	Db Shewey Lp	754 19Th St W	\$970.54
031-152-003	Deangelo Vincent F Trustee	356 Main St W	\$676.44
031-152-004	Deangelo Vincent F Trustee	350 Main St W	\$682.29
031-141-014	Delcap Llc	531 Main St W	\$1,018.06
031-063-007	Drj Investments A Partnership	405 19Th St W	\$982.37
031-164-015	Dugan Valerie R Trustee	28 Main St W	\$952.77
031-162-003	Duong Hai	140 Main St W	\$426.25
031-133-008	El Capitan Hotel Merced Llc	609 Main St W	\$8,714.36
031-143-027	Encina Investment Group Mainplace Merced Llc	403 Main St W	\$10,889.79
031-143-028	Encina Investment Group Mainplace Merced Llc	425 Main St W	\$3,767.32
031-114-015	Ewing Paul	1020 Main St W	\$2,058.65
031-042-010	Faith Mission Ministries Inc	909 18Th St W	\$2,192.50
031-144-008	Feedam-Gomez Nicola K	422 Main St	\$527.61
031-121-004	Figuerola-Ocampo Pearl	944 18Th St W	\$609.47
031-044-011	Fletcher J Keith & Angela Terese	833 18Th St W	\$643.74
031-052-009	Fluetsch & Busby Rentals 2 0 Lp	725 18Th St W	\$1,637.02
031-161-022	Fong J Real Estate Inc	141 Main St W	\$1,534.47
031-072-003	Forsman Dan A & Tina J	344 19Th St W	\$636.49
031-141-005	Gaestel Bette C Trustee	1717 Canal	\$838.16
031-134-002	Gaestel Dekker John	642 Main St W	\$1,364.71
031-134-021	Gaestel Richard J & Lopez Cindee L Gaestel Trustee	661 16Th St W	\$1,054.83
031-153-016	Gaeta Miguel A & Rosario	227 Main St W 100	\$1,083.89
031-053-013	Garcia John A & Kathy Renee	655 19Th St W	\$1,044.76

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031-153-008	Garcia Patricia	1711 I St	\$1,074.06
031-143-001	Glass Craig & Seebode Julia Trustees	1742 Canal St	\$1,475.04
031-121-014	Glass Craig A Trustee	928 18Th St W	\$626.61
031-052-012	Glaze Grant & Janna	759 18Th St W	\$1,415.64
031-163-010	Glaze Grant M & Janna	21 Main St W	\$589.31
031-112-015	Glendale 3 Props Llc	1635 R St	\$1,073.29
031-114-020	Golden State Realty Association	1001 16Th St W	\$953.62
031-154-004	Golden State Realty Association	210 Main St W	\$1,356.63
031-154-005	Golden State Realty Association	206 Main St W	\$881.93
031-121-012	Golden State Realty Association Inc	959 Main St W	\$1,486.10
031-122-001	Golden State Realty Association Inc	962 Main St W	\$1,310.65
031-034-013	Gonzales Paul M & Socorro D Trustees	1045 18Th St W	\$541.21
031-051-012	Green Donald E	1910 O St	\$500.45
031-052-003	Green Donald E	748 19Th St W	\$500.16
031-131-004	Hoekstra Properties Llc		\$481.00
031-131-012	Hoekstra Properties Llc	745 Main St W	\$1,364.35
031-154-002	Hoekstra Properties Llc	240 Main St W	\$1,926.72
031-063-008	Hopeton Properties Llc	419 19Th St W	\$566.23
031-152-014	Hopeton Properties Llc	333 16Th St W	\$122.41
031-152-015	Hopeton Properties Llc	335 16Th St W	\$244.82
031-131-008	Hotel Tioga Investors L L C	715 Main St W	\$12,224.54
031-072-007	Huynh Linh C	310 19Th St W	\$406.67
031-152-007	Ingram Jeffery T & G Devon Trustee	328 Main St W	\$1,134.03
031-121-006	J & J Kaley Llc	920 18Th St W	\$638.22
031-144-006	Jabronski Limited Liability Company	432 Main St W	\$683.12
031-113-009	Jimenez Richard	1006 18Th St W	\$1,332.74
031-121-003	Jimenez Richard	954 18Th St W	\$651.16
031-072-001	K Street Properties A Partnership	1826 K St	\$1,348.03
031-072-002	K Street Properties A Partnership	352 19Th St W	\$244.82
031-044-010	Khan Zulqarnain Trustee	823 18Th St W	\$768.98
031-162-001	Kirby Phyllis Eva Trustee	160 Main St W	\$2,710.86
031-121-008	Koenig Steven A & Michelle L Trustee	902 18Th St W	\$1,056.30
031-113-004	La Estrella Enterprises L L C	1040 18Th St W	\$400.17
031-113-006	La Estrella Enterprises L L C	1032 18Th St W	\$625.92
031-113-007	La Estrella Enterprises L L C	1022 18Th St W	\$966.78
031-113-008	La Estrella Enterprises L L C	1014 18Th St W	\$606.24
031-131-007	La Estrella Enterprises Llc	1727 N St	\$3,918.94
031-064-004	Lagares Marta Ivelisse	420 19Th St W	\$499.16
031-163-012	Lam Thuy Le	43 Main St W	\$474.82
031-052-014	Landess Richard B	751 18Th St W	\$666.95
031-061-007	Larson Allen & Julia Family L P	501 19Th St W	\$642.10
031-061-008	Larson Allen & Julia Family L P	517 19Th St W	\$438.47
031-061-009	Larson Allen & Julia Family L P	529 19Th St W	\$622.04
031-123-001	Larson Allen & Julia Family L P	860 18Th St W	\$905.83
031-134-006	Larson Allen & Julia Family L P	616 Main St W	\$533.67
031-134-026	Larson Allen & Julia Family L P		\$167.15
031-144-002	Larson Allen & Julia Family L P	452 Main St W	\$1,364.71



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031-123-002	Larson James Allen	850 18Th St W	\$433.88
031-062-017	Lee K & E Enterprise Inc	1840 M St	\$2,541.01
031-062-018	Lee K & E Enterprise Inc	1840 M St	\$293.79
031-114-018	Lee Samuel K G & Nori W Trustees	1048 Main St W	\$1,996.72
031-034-009	Leonardo Paul A Iii Trustee	1007 18Th St W	\$837.70
031-153-009	Lewis John L Trustee	211 Main St W	\$992.68
031-113-020	Lira Lp	1021 Main St W	\$3,490.93
031-114-002	Lira Lp	1050 Main St W	\$905.80
031-114-017	Lira Lp	1062 Main St W	\$693.92
031-061-010	Lodge Merced Lodge No 1240 Elks	541 19Th St W	\$765.61
031-061-011	Lodge Merced Lodge No 1240 Elks	1910 M St	\$2,682.19
031-141-021	Lofts On Main L L C The	521 Main St W	\$3,505.21
031-121-007	Lopez Arthur & Clara M Trustees	912 18Th St W	\$677.32
031-052-016	Lorenzi Land Investments Lp & Larson Julia Jordan	740 19Th St W	\$526.00
031-144-010	Lorenzi Robert J Weres Trustee	410 Main St W	\$1,364.71
031-131-011	Lorezni Land Investments Lp & Vogelsang Stewart Pr	739 Main St W	\$1,993.28
031-121-002	Luna Gilbert	1730 Q St	\$169.39
031-133-011	Madera Uniform & Accessories L L C	637 Main St W	\$579.68
031-133-013	Mainzer Theater Merced Llc	655 Main St W	\$3,835.60
031-062-012	Masonic Building Association	561 18Th St W	\$2,559.15
031-131-013	Mcauley Aron Patrick & Cathy Ann Trustee		\$1,602.52
031-132-001	Mcauley Aron Patrick & Cathy Ann Trustee	744 Main St W	\$4,397.43
031-123-007	Mcauley Ray Barry & Jeanne R Trustees	805 Main St W	\$725.94
031-123-008	Mcauley Ray Barry & Jeanne R Trustees	811 Main St W	\$992.38
031-123-009	Mcauley Ray Barry & Jeanne R Trustees	819 Main St W	\$244.82
031-123-010	Mcauley Ray Barry & Jeanne R Trustees		\$244.82
031-124-004	Mcauley Ray Barry & Jeanne R Trustees	820 Main St W	\$5,322.78
031-124-011	Mcauley Ray Barry & Jeanne R Trustees	813 16Th St W	\$2,018.19
031-153-010	Mccomb Donald & Karen D	219 Main St W	\$368.48
031-072-017	Mckim Dennis V & Sally Lou	345 18Th St W	\$3,047.08
031-062-013	Mcnamara Agnes H Trustee	519 18Th St W	\$240.50
031-141-015	Mcnamara Clarice J Trustee	1777 Canal St	\$2,861.02
031-114-019	Melehan Joseph P & Blackwell Larry Co-Trustees	1640 R St	\$3,230.93
031-154-013	Mendez Lourdes	224 Main St W	\$621.64
031-034-011	Mendoza John-Pierre Trustee	1027 18Th St W	\$543.22
031-034-012	Mendoza John-Pierre Trustee	1035 18Th St W	\$557.53
031-054-025	Merced Community College District		\$693.64
031-072-016	Merced County Association Of Governments	369 18Th St W	\$1,795.63
031-054-024	Merced County Employees Retirement Association	690 19Th St W	\$1,070.76
031-121-011	Merced County Legion Hall	933 Main St W	\$3,435.41
031-134-001	Merced County Office Of Education	658 Main St W	\$3,208.53
031-143-003	Merced County Office Of Education	450 18Th St W	\$1,238.77
031-141-006	Merced County Superintendent Of Schools	501 Main St W	\$2,249.99
031-152-020	Merced Family Dentistry Llc	375 16Th St W	\$873.04
031-152-021	Merced Family Dentistry Llc	345 16Th St W	\$1,043.61
031-051-008	Merced Irrigation District	729 19Th St W	\$204.30
031-051-009	Merced Irrigation District	737 19Th St W	\$227.93



			PARCEL
031-051-010	Merced Irrigation District	745 19Th St W	\$244.82
031-051-011	Merced Irrigation District		\$244.82
031-122-007	Merced Rice Bowl Llc	1621 P St	\$1,567.59
031-122-008	Merced Tire Inc	927 16Th St W	\$302.63
031-122-009	Merced Tire Inc	937 16Th St W	\$751.20
031-161-023	Merced-Mariposa Dist Counc St Vincent De	131 Main St W	\$2,163.19
031-044-018	Merco Credit Union A Corporation	815 18Th St W	\$1,300.50
031-053-005	Merco Credit Union A Corporation	1911 M St	\$1,440.07
031-053-006	Merco Credit Union A Corporation	629 19Th St W	\$244.82
031-144-004	Mid Valley Finance Co	436 Main St W	\$682.29
031-144-007	Miller John J Trustee	426 Main St W	\$681.59
031-162-002	Mitchell Gene V & Catherine M Trustees	162 Main St W	\$866.88
031-163-016	Moreno Tony Trustee	1 Main St W	\$2,099.54
031-163-013	Morgan Calvin & Nellie Trustee	47 Main St W	\$442.01
031-143-004	Pacific Bell	440 18Th St W	\$2,027.26
031-123-003	Pacific Sunrise Associates Inc	834 18Th St W	\$915.10
031-054-026	Parking Authority Of The City Of Merced		\$1,516.74
031-054-027	Parking Authority Of The City Of Merced	605 18Th St W	\$16,252.79
031-113-002	Passovoy Carol D Trustee	1730 R St	\$438.64
031-113-021	Passovoy Carol D Trustee	1750 R St	\$1,123.16
031-144-009	Pazin Mark	420 Main St W	\$599.00
031-052-005	Perez Abelardo R & Rosita M	720 19Th St W	\$522.08
031-162-005	Perine & Dicken Professional Fiduciaries & Conserv	130 Main St W	\$200.41
031-162-006	Perine & Dicken Professional Fiduciaries & Conserv	122 Main St W	\$1,831.88
031-062-005	Quinta Properties A Partnership	510 19Th St W	\$852.06
031-062-019	Quinta Properties A Partnership	1827 Canal St	\$1,199.19
031-113-005	Ramirez Francisco & Rosa	1034 18Th St W	\$855.87
031-141-013	Razzari Timothy F & Billie K Co-Trustees	541 Main St W	\$4,792.51
031-141-020	Redevelopment Agency Of City Of Merced		\$78.35
031-144-036	Redevelopment Agency Of The City Of Merce		\$2,751.32
031-054-022	Regents Of The University Of California The		\$6,096.68
031-134-003	Reinero Philip	636 Main St W	\$981.82
031-042-013	Richard Neil Morse And Teresa M Saldivar-Mors	935 18Th St W	\$705.07
031-161-002	Ripsam Stefan & Han Sandra Y	1726 I St	\$355.95
031-143-017	Roberts Grey B	451 Main St W	\$2,968.28
031-121-009	Roberts Grey Trustee	901 Main St W	\$2,253.33
031-121-010	Roberts Grey Trustee		\$781.75
031-123-013	Roberts Grey Trustee	851 Main St W	\$970.76
031-064-008	Robinson Montgomery Venture No 2		\$384.80
031-064-013	Robinson-Montgomery Venture No 1	442 19Th St W	\$279.94
031-064-011	Robinson-Montgomery Venture No 1 A Part	1804 Canal St	\$2,168.50
031-064-014	Robinson-Montgomery Venture No 2 A Part	451 18Th St W	\$452.85
031-144-005	Rosimax L L C	434 Main St W	\$682.29
031-121-013	Roussos Stergios T & Pamela M	936 18Th St W	\$638.45
031-131-005	Rucker Sharon E Trustee	732 18Th St W	\$1,001.89
031-062-008	Salmeri Jeffery J & Michelle A	505 18Th St W	\$2,403.45

			PARCEL
031-152-010	Sanchez Antonio V & Laura	1615 Martin Luther King Jr Way	\$956.80
031-152-011	Sanchez Antonio V & Laura		\$489.27
031-152-012	Sanchez Antonio V & Laura	315 16Th St W	\$400.23
031-154-014	Sao Vannak	260 Main St W	\$1,151.29
031-044-012	Sotelo Basilides Garcia & Rosales Elvia Patricia O	845 18Th O W	\$750.83
031-133-010	Stewart Donald J Jr Trustee	635 Main St W	\$820.79
031-114-008	Su Wayne Hao & Wu Emily Sulan Trustee	1002 Main St W	\$1,242.10
031-044-008	Teranishi Steve H & Valora A	1805 O St	\$1,341.02
031-152-009	Thomas David E & Carrie A	312 Main St W	\$2,359.10
031-042-011	Tinetti Stephen G & Joan	919 18Th St W	\$569.82
031-072-015	Transit Joint Powers Authority For Merced County	355 18Th St W	\$610.55
031-144-028	Trevinos Restaurant Bed & Breakfast Llc	408 Main St W	\$1,706.92
031-131-006	Trs Ops Llc	718 18Th St W	\$935.52
031-044-013	Varani Smiles Inc	849 18Th St W	\$1,976.19
031-152-013	Varni Corporation	323 16Th St W	\$515.27
031-042-015	Vierra Howard	953 18Th St W	\$400.83
031-141-019	Vogel Brauhaus Llc	560 18Th St W	\$3,923.05
031-124-009	Vogelsang Stewart Properties li L P	859 16Th St W	\$726.37
031-113-018	Vohra Vinay & Vohra Vikram	1061 Main St W	\$2,031.10
031-124-008	Waite Michael H	851 16Th St W	\$1,582.57
031-062-011	Wells Fargo Bank Na	545 18Th St W	\$2,548.78
031-133-015	Worthley David M & Norma Trustees	629 Main St W	\$907.31
031-034-010	Xavier Jose M Trustee	1017 18Th St W	\$1,132.52
031-131-002	Yosemite Land Bank Flca	1732 O St	\$243.12
031-131-014	Yosemite Land Bank Flca	760 18Th St W	\$2,339.29
<b>TOTAL ASSESSMENT:</b>			<b>\$417,480.00</b>

# ATTACHMENT A

## Downtown Merced Property Based Business Improvement District Engineer's Report



**Merced, California  
June 2023**

***Prepared by:*  
Kristin Lowell Inc.**

*Prepared pursuant to the State of California  
Property and Business Improvement District Law of 1994  
And Article XIID of the California Constitution  
to create a property-based business improvement district*

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## ENGINEER'S STATEMENT

This Engineer's Report is prepared pursuant to Article XIID of the California State Constitution and the State of California Property and Business Improvement District Law of 1994 (California Streets and Highways Code § 36600 et seq.) (the "Ordinance").

The Downtown Merced Property-Based Business Improvement District ("PBID") will provide activities either currently not provided or above and beyond what the City of Merced ("City") provides. These activities will specially benefit each individual assessable parcel in the PBID. Every individual assessed parcel within the PBID receives special benefit from the activities identified under Section B of this Engineer's Report. Only those individual assessed parcels within the PBID receive the special benefit of these proposed activities; parcels contiguous to and outside the PBID and the public at large may receive a general benefit, as outlined in Section E. The cost to provide general benefits, if any, will be funded from sources other than special assessments.

The duration of the PBID is five (5) years, commencing January 1, 2024. An estimated budget for the PBID improvements and activities is set forth in Section D. Assessments will be subject to an annual increase of up to 5% per year as determined by the PBID Board of Directors. Assessment increases must stay between 0% and 5% in any given year. Funding for the PBID services and activities shall be derived from a property-based assessment of each specially benefitted parcel in the PBID. A detailed description of the methodology for determining the proportional special benefit each individual assessable parcel receives from the service and the assessment for each parcel is set forth in Section F.

I hereby certify to the best of my professional knowledge that each of the identified assessable parcels located within the PBID will receive a special benefit which is a particular and distinct benefit over and above general benefits conferred on real property located in a district or to the public at large and that the amount of the proposed special assessment is proportional to, and no greater than, the special benefits received.

Respectfully submitted,



Terrance E. Lowell, P.E.

## SECTION A: LEGISLATIVE AND JUDICIAL REVIEW

### ***Property and Business Improvement District Law of 1994***

The Property and Business Improvement District Law of 1994 (the "State Law") is the legislation that authorizes the City to levy assessments upon real property for the purposes of providing improvements and activities that specially benefit each individual assessed parcel in the PBID. The purpose of the PBID is to encourage commerce, investment, and business activities. In order to meet these goals PBIDs typically fund activities and improvements, such as, enhanced safety and cleaning. Unlike other assessment districts which fund the construction of public capital improvements or maintenance thereof, PBIDs provide activities and improvements "to promote the economic revitalization and physical maintenance of the business districts of its cities in order to create jobs, attract new businesses, and prevent the erosion of the business districts." (Streets and Highways Code Section 36601(b)). The improvements and activities funded through the PBID are over and above those already provided by the City within the PBID's boundaries. Each of the PBID activities or improvements is intended to increase building occupancy and lease rates, to encourage new business development, attract businesses that benefit the parcels, and improve the economic vitality of parcels.

Specifically, the State Law defines "Improvements" and "Activities" as follows:

*"Improvement" means the acquisition, construction, installation, or maintenance of any tangible property with an estimated useful life of five years..."<sup>1</sup>*

*"Activities" means, but is not limited to, all of the following:*

- (a) Promotion of public events which benefit businesses or real property in the district.*
- (b) Furnishing of music in any public place within the district.*
- (c) Promotion of tourism within the district.*
- (d) Marketing and economic development, including retail retention and recruitment.*
- (e) Providing safety, sanitation, graffiti removal, street and sidewalk cleaning, and other municipal services supplemental to those normally provided by the municipality.*
- (f) Activities which benefit businesses and real property located in the district."<sup>2</sup>*

The State Law also defines special benefit as "...for purposes of a property-based district, a particular and distinct benefit provided directly to each assessed parcel within the district. Merely because parcels throughout an assessment district share the same special benefits does not make the benefits general."<sup>3</sup>

### ***Article XIID of the State Constitution***

In 1996, California voters approved Proposition 218, codified in part as Article XIID of the State Constitution. Among other requirements, Article XIID changes the way local agencies enact local taxes and levy assessments on real property. It states, in relevant part, that:

*(a) An agency which proposes to levy an assessment shall identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be*

<sup>1</sup> California Streets and Highways Code, Section 36610.

<sup>2</sup> California Streets and Highways Code, Section 36613.

<sup>3</sup> California Streets and Highways Code, Section 36615.5(b)



*imposed. 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. No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable, and an agency shall separate the general benefits from the special benefits conferred on a parcel. Parcels within a district that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit.*

*(b) All assessments shall be supported by a detailed engineer's report prepared by a registered professional engineer certified by the State of California.<sup>4</sup>*

*"Special benefit" means a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large. General enhancement of property value does not constitute "special benefit."<sup>5</sup>*

## **Judicial Guidance**

Since the enactment of Article XIID, the courts have rendered opinions regarding various aspects of Article XIID. The notable portion of a case that applies to PBIDs in particular is noted below.

*"The engineer's report describes the services to be provided by the PBID [i.e. the PBID]; (1) security, (2) streetscape maintenance (e.g., street sweeping, gutter cleaning, graffiti removal), and (3) marketing, promotion, and special events. They are all services over and above those already provided by the City within the boundaries of the PBID. And they are particular and distinct benefits to be provided only to the properties within the PBID, not to the public at large—they '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.'"<sup>6</sup>*

The contents of this Engineer's Report are prepared in compliance with the above noted authorizing State Law, the State Constitution and the judicial opinion.

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<sup>4</sup> Section 4, Article XIID of the State Constitution.

<sup>5</sup> Section 2 (i), Article XIID of the State Constitution.

<sup>6</sup> *Dahms v. Downtown Pomona Property and Business Improvement District* (2009) 174 Cal.App. 4th 708, 722.



## **SECTION B: IMPROVEMENTS AND ACTIVITIES**

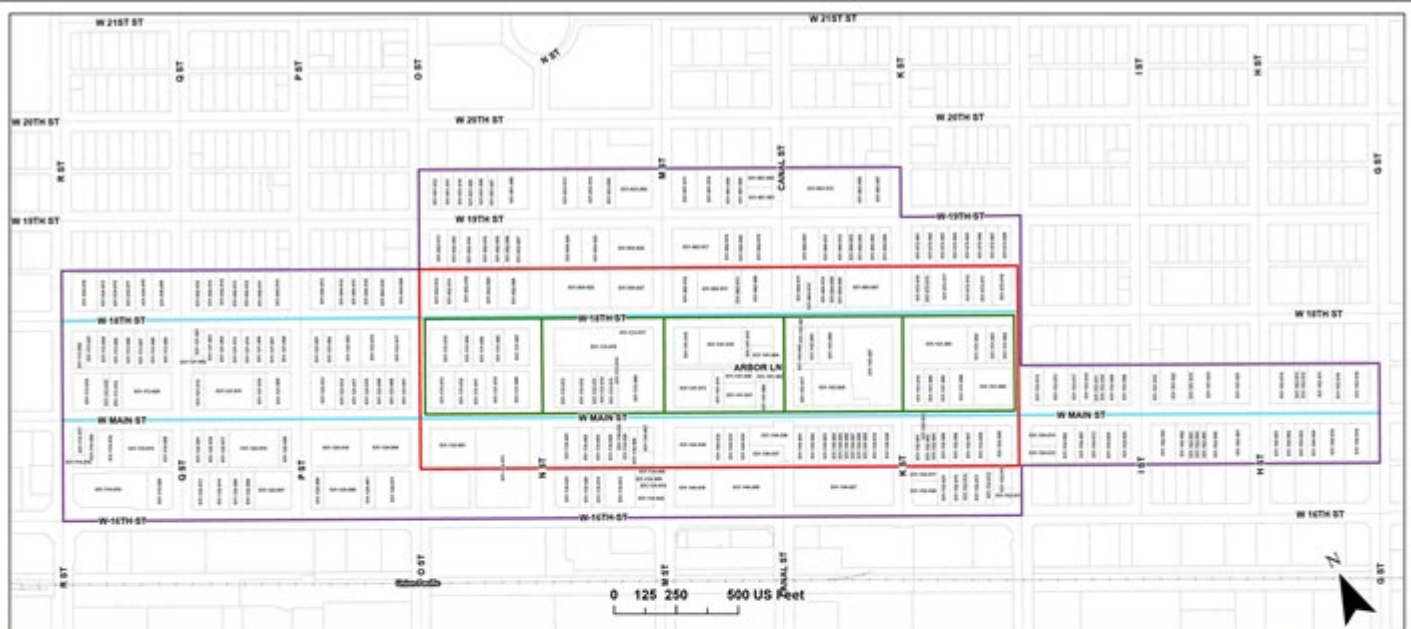
The PBID Steering Committee collectively determined the priority for improvements and activities that the PBID will deliver. Accordingly, the PBID will provide the services described in greater detail in Section 3 of this Management District Plan: Clean, Safe, Beautiful; Economic and Vitality; and Management.

## SECTION C: BENEFITTING PARCELS

### ***PBID Boundary Description***

The PBID is approximately 25 square blocks of the downtown area. It is roughly bounded by 16<sup>th</sup> Street to the South, R Street to the west, 18<sup>th</sup> and 19<sup>th</sup> Streets to the north, and G Street to the east. The PBID is allocated into three benefit zones to reflect the level of service and special benefits each parcel will receive. All of which is discussed in detail in Section 2 of this Management District Plan

A map of the proposed district boundary is on the following page.



City of Merced - Property Based Improvement District



- LEGEND
- ENHANCED ZONE
  - BEAUTIFICATION AREA
  - DOWNTOWN CORE
  - PROPERTY BASED IMPROVEMENT DISTRICT BASE LEVEL
  - PROPERTY BOUNDARIES
  - CITY OF MERCED LIMITS

## SECTION D: PROPORTIONAL BENEFITS

### *Methodology*

Article XIID Section 4(a) of the State Constitution states that "The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of the public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided."

Determining the proportionate special benefit for the parcels of real property within the proposed assessment district which benefit from the proposed improvements, services, and activities is the result of a four-step process:

1. Defining the proposed activities,
2. Determining which parcels specially benefit from the proposed activities,
3. Determining the amount of special benefit each parcel receives,
4. Determining the proportional special benefit a parcel receives in relation to the amount of special benefit all other parcels in the PBID receive after subtracting any general benefit.

Each identified parcel within the PBID will be assessed based upon each parcel's unique characteristics in relationship to all other specially benefitted parcels' characteristics. Due to the proportionate special benefits received by each parcel from the PBID services, each parcel will be assessed a rate which is commensurate with the amount of special benefits received.

### *Special Benefit Factor*

Each parcel's proportional special benefit from the PBID activities is determined by analyzing three parcel characteristics: Building Square Footage, Lot Square Footage, and Linear Street Frontage. These parcel characteristics are an equitable way to identify the proportional special benefit that each of the assessed parcels receive. Building square footage is relevant to the current use of a property and is also closely correlated to the potential pedestrian traffic from each parcel and the demand for PBID activities. The lot square footage reflects the long-term value implications of the improvement district. A parcel's linear street frontage is relevant to the street level usage of a parcel and the demand for PBID activities. Together, these parcel characteristics serve as the basic unit of measure to calculate how much special benefit each parcel receives in relationship to the district as a whole, which is then is the basis to proportionately allocate the cost of the special benefits.

**Building square footage** is defined as the total building square footage as determined by the outside measurements of a building. The gross building square footage is taken from the County Assessor's records. Building square footage is used as the characteristic to assess  $\frac{1}{2}$  the cost of Clean, Safe and Beautiful activities,  $\frac{1}{2}$  the cost of Economic Vitality activities, and  $\frac{1}{3}$  the cost of the Management activities.

**Lot square footage** is defined as the total amount of area within the boundaries of the parcel. The boundaries of a parcel are defined on the County Assessor parcel maps. Lot square footage is used as the characteristic to assess  $\frac{1}{2}$  the cost of Economic Vitality activities, and  $\frac{1}{3}$  the cost of the Management activities.

**Linear street frontage** is defined as the number of linear feet of each parcel that directly fronts a street that will receive the PBID activities. Corner lots or whole block parcels will be assessed for each side of the parcels' street frontage. Linear street frontage is used as the characteristic to assess  $\frac{1}{2}$  the cost of Clean, Safe and Beautiful activities, and  $\frac{1}{3}$  the cost of the Management activities. Linear street frontage is then weighted based on each side the parcel's frontage is in each of the three benefit zones. That is, a parcel with frontage in the Base Level benefit zone receives a weighted factor of 1.0 for that frontage. A parcel with frontage in the Enhanced Zone benefit zone receives a weighted factor of 1.5 for that frontage. A parcel with frontage in the Downtown Core benefit zone receives as weighted factor of 2.0 for that frontage.

Each one of these characteristics represents the benefit units allocated to each specially benefitted parcel. The total number of assessable benefit units in the PBID are as follows:

Benefit Zone	Benefit Units		
	Lot SF	Bldg SF	Linear Frontage
Base Level	1,245,058	368,205	20,317
Enhanced Zone	816,813	358,771	5,660
Downtown Core	1,268,420	994,202	10,403
<b>TOTAL Benefit Units</b>	<b>3,330,291</b>	<b>1,721,178</b>	<b>36,407</b>

## SECTION E: SPECIAL and GENERAL BENEFITS

### ***Special Benefit Defined***

State Law, Proposition 218, and judicial opinions require that assessments be levied according to the estimated special benefit each assessed parcel receives from the activities and improvements. Article XIID Section 4(a) of the California Constitution in part states that “only special benefits are assessable”.

The State Law defines special benefit as “...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.”<sup>7</sup>

As of July 19, 2022, the State Law, Section 36615.5 (b), was amended to further define special benefit as it relates to the improvements and activities these districts provide. Specifically, the amendment states: “‘Special benefit’ also includes, for purposes of a property-based district, a particular and distinct benefit provided directly to each assessed parcel within the district. Merely because parcels throughout an assessment district share the same special benefit does not make the benefits general.”

Furthermore, the amendment (Section 36622(k)(3)) states: “In a property-based district, properties throughout the district may share the same special benefits. In a district with boundaries that define which parcels are to receive improvements, maintenance, or activities over and above those services provided by the city, the improvements, maintenance, or activities themselves may constitute a special benefit. The city may impose assessments that are less than the proportional special benefit conferred but shall not impose assessments that exceed the reasonable costs of the proportional special benefit conferred. Because one or more parcels pay less than the special benefit conferred does not necessarily mean that other parcels are assessed more than the reasonable cost of their special benefit.”

### ***Special Benefit Analysis***

All special benefits derived from the assessments outlined in this Report are for property-related activities that are specifically intended for and directly benefiting each individual assessed parcel in the BID. The special benefit must affect the individual assessable parcel in a way that is particular and distinct from its effect on other parcels and that real property in general and the public at large do not share. No parcel's assessment shall be greater than the special benefits received.

Streets and Highways Code Section 36601€ states that “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

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<sup>7</sup> California Streets and Highways Code, Section 36615.5(a)



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.”

The PBID's goal is to fund activities and improvements to provide a cleaner, safer and more welcoming environment as outlined in Section B. The goal of improving the economic vitality is to improve the safety and cleanliness of each individual specially benefitted parcel in an effort to increase commerce, to increase building occupancy and lease rates and to attract more customers, employees, tenants and investors.

Each parcel will specially benefit from the proposed services, but may not to the same degree:

- Cleaner sidewalks, streets and common areas
- Real and perceived public safety improvements
- Greater pedestrian traffic
- Enhanced rental incomes
- Improved business climate
- New business and investment
- Well managed BID programs and services

Specifically, each parcel benefits from each of the PBID activities as defined below.

#### **Clean, Safe, and Beautiful**

The enhanced safety activities make the downtown area safer which attracts more businesses, customers, and residents, and ultimately private investment. When business location decisions are made, “lower levels of public safety lead to increased uncertainty in decision making and can be perceived as a signal of a socio-institutional environment unfavorable for investment.” Uncertainty affects the investment environment in general, but in particular it increases the fear of physical damage to investment assets (or to people) or their returns...Almost universally, places with lower crime rates are perceived as more desirable.”<sup>8</sup>

The cleaning and beautification activities specially benefit each assessed parcel within the PBID by providing a clean and aesthetically appealing environment. This is achieved through sidewalk sweeping, power washing, removing litter and graffiti, trash removal, and streetscape furniture. These activities create the environment needed to achieve the PBID's other goals. Sidewalks that are dirty and unclean, particularly from vagrant activities, deter pedestrians and commercial activity.

The Clean, Safe and Beautiful activities are expected to provide special benefits to the assessed parcels in a variety of ways. For example:

- Maintaining and cleaning sidewalks in front of each parcel creates a cohesive environment and allows pedestrians to move freely throughout the PBID. Sidewalks that are dirty and unkempt deter pedestrians and commercial activity. “Walkable communities offer many financial benefits, such as a reduction in healthcare costs. Homes with sidewalks tend to sell for more money and in less time than similar homes without sidewalks. Businesses also benefit as residents are more likely to shop locally when there is increased

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<sup>8</sup> “Accelerating economic growth and vitality through smarter public safety management” IBM Global Business Services Executive Report, September 2012, pg. 2

connectivity between residential and business/commercial districts. The well-maintained sidewalks, accessibility, and inviting atmosphere of downtown helps to attract tourists.”<sup>9</sup>

- Removing graffiti from assessed buildings to keep the aesthetic appeal uniform throughout the PBID.
- The beautification activities specially benefit each assessed parcel by providing maintained landscaped corridors and streetscape furniture in public places. These activities create the welcoming environment needed to achieve the PBID's other goals.

### **Economic Vitality**

The Economic Vitality activities are tied to and will specially benefit each individual parcel by encouraging business development and investment that generates customer traffic, which directly relates to increases in commercial activity, filling of vacant storefronts and offices and ultimately, increased lease rates for retail and office space.

### **Management**

The PBID requires a professional staff to properly manage programs, communicate with stakeholders, advocate with City departments, and provide leadership. Each parcel will specially benefit from the PBID executive staff that will ensure that the PBID activities are provided and deployed to assessed parcels and will provide leadership to represent the community with one clear voice.

### **Special Benefit Conclusion**

The fact that each PBID improvement and activity defined above will be provided to each assessed parcel is above and beyond what the city currently provides constitutes a special benefit. In addition, the PBID activities are targeted to improve the safety, cleanliness, and economic vitality of only those parcels that are within the district boundary. Therefore, we conclude that each of the proposed activities provides solely special benefits to the assessed parcels within the district and that each parcel's assessment is in direct relationship to and no greater than its proportional special benefits received.

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<sup>9</sup> “Benefits of Sidewalks”, Iowa Healthiest State Initiative, November 1, 2017

### **General Benefit Defined**

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As required by the State Constitution Article XIID Section 4(a), the general benefits of an assessment district must be quantified and separated out so that the cost of the activities that are attributed to general benefit are deducted from the cost assessed against each specially benefitted parcel. General benefits are benefits from the PBID activities and improvements that are not special in nature, are not particular and distinct and are not over and above the benefits that other parcels receive.

### **General Benefit Analysis**

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The PBID improvements and activities are designed to provide service only to those parcels that are within the district boundary. As discussed above, these activities are determined to provide solely special benefits to the assessed parcels. If there is any general benefit to property located in the district or to the public at large, it is incidental to providing special benefits to the assessed parcels. However, it is conceivable that there may be some general benefit that is not quantifiable, and it is judicious to allocate a portion of the budget to acknowledge this.

For the purposes of the PBID, we assigned 2%, or \$8,520 of the budget to general benefit. This portion of the budget will need to be funded from sources other than the special assessments.

## SECTION F: COST ESTIMATE

### 2024 PBID Assessment Budget

The PBID's operating budget takes into consideration:

1. The improvements and activities needed to provide special benefits to each individual parcel within the PBID boundary (Section B),
2. The parcels that specially benefit from said improvements and activities (Section C), and
3. The costs associated with the special and general benefits conferred (Section E).

EXPENDITURES	TOTAL BUDGET	% of Budget
Clean, Safe, Beautiful	\$305,000	71.60%
Economic Vitality	\$35,000	8.22%
Management	\$86,000	20.19%
<b>Total Expenditures</b>	<b>\$426,000</b>	<b>100.00%</b>
REVENUES		
Assessment Revenues	\$417,480	98.00%
Other Revenues (1)	\$8,520	2.00%
<b>Total Revenues</b>	<b>\$426,000</b>	<b>100.00%</b>

(1) Other non-assessment funding to cover the cost associated with general benefit.

#### **Budget Notations**

The cost of providing programs and services may vary depending on the market cost for those programs and services. Expenditures may require adjustment up or down to continue the intended level of programs and services. The Board of Directors of the Owner's Association shall have the right to reallocate up to 10% by line item of the budget allocation within the budgeted categories. Any change will be approved by the Owners' Association Board of Directors and submitted within its annual planning report, pursuant to Section 36650 of the California Streets and Highways Code. The overall budget shall remain consistent with this Management District Plan. Each assessed parcel pays for 100% of the special benefit received based on the level of benefit received. Any annual budget surplus, including those created through cost saving measures, labor vacancies, unexpected reductions in expenses caused by one-time events or unanticipated increases to income, will be rolled into the following year's budget. The carryover funds will be applied to the same budget line item as the line item that was the source of the carryover funds. The budget will be set accordingly, within the constraints of the Management District Plan, to adjust for surpluses that are carried forward to ensure that the District is spending these funds in a timely manner and is complying with applicable State laws and City policies. The estimated budget surplus amount will be included in the Annual Planning Report each year. District funds may be used for renewal.

#### **Bond Issuance**

No bonds will be issued to finance improvements.

## SECTION G: APPORTIONMENT METHOD

The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of an improvement or the cleaning and operation expenses of an improvement or the cost of the property service being provided. Due to the proportionate special benefits received by these individual parcels from the PBID services, these parcels will be assessed a rate which is proportionate to the amount of special benefits received.

### **Calculation of Assessments**

The PBID services and activities will be deployed throughout the district at various levels depending on the benefit zone. The cost of the special benefits received from these services is apportioned in direct relationship to each parcel's benefit units, i.e., building square footage, lot square footage, and linear street frontage as discussed above. The sum of the total assessable benefit units in the PBID is then divided into the assessment budget to determine the assessment rate for each benefit unit.

Specifically, the assessment rates are calculated based on the following budget allocation as follows:

**Clean, Safe and Beautiful** and is assessed 50% each to building square feet and linear street frontage.

**Economic Vitality** and is assessed 50% each to building square feet and lot square feet.

**Management** is assessed 1/3 each to building square feet, lot square feet and linear street frontage.

The budget is then allocated to the assessment factors as follows:

**Building square footage** is defined as the total building square footage as determined by the outside measurements of a building. The gross building square footage is taken from the County Assessor's records. Building square footage is used as the characteristic to assess  $\frac{1}{2}$  the cost of Clean, Safe and Beautiful activities,  $\frac{1}{2}$  the cost of Economic Vitality activities, and  $\frac{1}{3}$  the cost of the Management activities.

**Lot square footage** is defined as the total amount of area within the boundaries of the parcel. The boundaries of a parcel are defined on the County Assessor parcel maps. Lot square footage is used as the characteristic to assess  $\frac{1}{2}$  the cost of Economic Vitality activities, and  $\frac{1}{3}$  the cost of the Management activities.

**Linear street frontage** is defined as the number of linear feet of each parcel that directly fronts a street that will receive the PBID activities. Corner lots or whole block parcels will be assessed for each side of the parcels' street frontage. Linear street frontage is used as the characteristic to assess  $\frac{1}{2}$  the cost of Clean, Safe and Beautiful activities, and  $\frac{1}{3}$  the cost of the Management activities. Linear street frontage is then weighted based on each side the parcel's frontage is in each of the three benefit zones. That is, a parcel with frontage in the Base Level benefit zone receives a weighted factor of 1.0 for that frontage. A parcel with frontage in the Enhanced Zone benefit zone receives a weighted factor of 1.5 for that frontage. A parcel with frontage in the

Downtown Core benefit zone receives as weighted factor of 2.0 for that frontage.

Each one of these characteristics represents the benefit units allocated to each specially benefitted parcel. The total number of assessable benefit units in the PBID are as follows:

Benefit Zone	Benefit Units		
	Lot SF	Bldg SF	Linear Frontage
Base Level	1,245,058	368,205	20,317
Enhanced Zone	816,813	358,771	5,660
Downtown Core	1,268,420	994,202	10,403
<b>TOTAL Benefit Units</b>	<b>3,330,291</b>	<b>1,721,178</b>	<b>36,407</b>

Using the Benefit Units above and the budget allocation for each benefit zone, the first year's maximum assessment rates are as follows:

Benefit Zone	Lot SF	Bldg SF	Linear
Base Level	\$0.0113	\$0.0997	\$3.2074
Enhanced Zone	\$0.0113	\$0.1178	\$6.3273
Downtown Core	\$0.0113	\$0.1178	\$7.9310

### **Sample Parcel Assessments**

The initial annual parcel assessment for a parcel with 5,000 building square feet, 5,000 lot square feet, and 50 linear feet in the Base Level Zone is calculated as follows:

Bldg square footage x the assessment rate (5,000 x \$0.0997) = \$498.50  
Lot square footage x the assessment rate (5,000 x \$0.0113) = \$ 56.50  
Linear street frontage x the assessment rate (50 x \$3.2074) = \$160.37  
Initial annual parcel assessment \$715.37

The initial annual parcel assessment for a parcel with 5,000 building square feet, 5,000 lot square feet, and 50 linear feet in the Enhanced Zone is calculated as follows:

Bldg square footage x the assessment rate (5,000 x \$0.1178) = \$589.00  
Lot square footage x the assessment rate (5,000 x \$0.0113) = \$ 56.50  
Linear street frontage x the assessment rate (50 x \$6.3273) = \$316.37  
Initial annual parcel assessment \$961.87

The initial annual parcel assessment for a parcel with 5,000 building square feet, 5,000 lot square feet, and 50 linear feet in the Downtown Core is calculated as follows:

Bldg square footage x the assessment rate (5,000 x \$0.1178) = \$589.00  
Lot square footage x the assessment rate (5,000 x \$0.0113) = \$ 56.50  
Linear street frontage x the assessment rate (50 x \$7.9310) = \$396.55  
Initial annual parcel assessment \$1,042.05



## Maximum Annual Assessment Adjustments

The cost of providing programs and services may vary depending on the market cost for those programs and services. Expenditures may require adjustment up or down to continue the intended level of programs and services. Assessments may be subject to annual increases not to exceed the assessment rates in the table below for any given year. Increases will be determined by the Board of Directors and will vary between 0% and 5% in any given year. Any change will be approved by the Board of Directors and submitted to the City within its annual planning report, pursuant to Section 36650 of the California Streets and Highways Code.

The projections below illustrate a maximum 5% annual increase for all assessment rates.

Benefit Zone	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Base Level</b>					
Lot SF	\$0.0113	\$0.0118	\$0.0124	\$0.0130	\$0.0137
Bldg SF	\$0.0997	\$0.1046	\$0.1099	\$0.1154	\$0.1211
Linear	\$3.2074	\$3.3678	\$3.5362	\$3.7130	\$3.8987
<b>Enhanced Zone</b>					
Lot SF	\$0.0113	\$0.0118	\$0.0124	\$0.0130	\$0.0137
Bldg SF	\$0.1178	\$0.1237	\$0.1299	\$0.1364	\$0.1432
Linear	\$6.3273	\$6.6436	\$6.9758	\$7.3246	\$7.6908
<b>Downtown Core</b>					
Lot SF	\$0.0113	\$0.0118	\$0.0124	\$0.0130	\$0.0137
Bldg SF	\$0.1178	\$0.1237	\$0.1299	\$0.1364	\$0.1432
Linear	\$7.9310	\$8.3276	\$8.7439	\$9.1811	\$9.6402

## Budget Adjustment

Any annual budget surplus, including those created through cost saving measures, labor vacancies, unexpected reductions in expenses caused by one-time events or unanticipated increases to income, will be rolled into the following year's budget. The budget will be set accordingly, within the constraints of the Management District Plan, to adjust for surpluses that are carried forward to ensure that the District is spending these funds in a timely manner and is complying with applicable State laws and City policies. District funds may be used for renewal. The estimated budget surplus amount will be included in the annual report each year. Funds from an expired District shall be rolled over into the new District if one is established or returned to the property owners if one is not established, in accordance with Streets and Highways Code section 36671.

If an error is discovered on a parcel's assessed parcel square footages or building square footages, the District may investigate and correct the assessed footages after confirming the correction with the Merced County Assessor Data. The correction will be made in accordance with the assessment methodology and may result in an increase or decrease to the parcel's assessment.

### ***Future Development***

As a result of continued development, the District may experience the addition or subtraction of assessable footage for parcels included and assessed within the District boundaries. The modification for parcel improvements within the District, which changes upwards or downwards the amount of total footage assessed for these parcels will, pursuant to Government Code 53750, be prorated to the date they receive the temporary and/or permanent certificate of occupancy and will be billed directly by the City for the prorated year. Parcels that experience a loss of building square footage need to provide notice of the change to the District by April 1<sup>st</sup> of each year. Any delinquent assessments owed for the modification of assessable footage that was billed directly by the City will be added to the property tax roll for the following year as delinquent.

In future years of the PBID term, the assessments for the special benefits bestowed upon the included PBID parcels may change in accordance with the assessment methodology formula listed in the Management District Plan and Engineer's Report, provided the assessment rate does not change. If the assessment formula changes and increases the assessments, then a ballot as defined in Article 13 Section D of the State Constitution will be required for approval of the formula changes.

### ***Assessment Appeal Procedure***

Property owners may appeal assessments that they believe are inaccurate. Appeals must be in writing, stating the grounds for appeal and filed with the Owners Association prior to April 1 of each year. Appeals shall be limited to the current assessment year. Any appeal not filed by April 1 shall not be valid. In any case appeals will only be considered for the current year and will not be considered for prior years.