

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Chief Executive Office

BOARD AGENDA # B-5

Urgent

Routine

AGENDA DATE July 28, 2015

CEO Concur with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Consideration of the Establishment of the Downtown Modesto Community Benefit District and Authorize the Chairman of the Board of Supervisors to Sign and Submit Property Owner's Ballot

STAFF RECOMMENDATIONS:

Authorize the Chairman of the Board of Supervisors to sign and submit property owner's ballot to support the establishment of the Downtown Modesto Community Benefit District.

FISCAL IMPACT:

The property tax assessment for the Community Benefit District (CBD) is estimated to be \$36,745 annually. This is based on the following formula: Linear frontage rate of \$7.0938 per linear foot, Parcel/Lot size rate of \$0.024654 per square foot, and there is no public commitment for Building/Structures. The annual assessments for subsequent years may be increased by an amount not to exceed five percent per year in accordance with increases in the consumer price index for urban consumers. The annual assessments will last for fifteen years; the services implemented through December 2030.

BOARD ACTION AS FOLLOWS:

No. 2015-358

On motion of Supervisor Chiesa, Seconded by Supervisor DeMartini

and approved by the following vote,

Ayes: Supervisors: O'Brien, Chiesa, Monteith, and DeMartini

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: Chairman Withrow

1) X Approved as recommended

2) Denied

3) Approved as amended

4) Other:

MOTION:

ATTEST: 
CHRISTINE FERRARO TALLMAN, Clerk

File No.

Consideration of the Establishment of the Downtown Modesto Community Benefit District and Authorize the Chairman of the Board of Supervisors to Sign and Submit Property Owner's Ballot

DISCUSSION:

A Community Benefit District (CBD) is a property owner based assessment area, where property owners self-assess themselves to cover the costs of services that otherwise would not be provided such as litter removal, decorative landscaping and flowers, panhandling abatement, marketing and branding for a specific area. A CBD program strives to improve the overall quality of life in targeted commercial districts, mixed-use neighborhoods and downtown districts through developing partnerships between business, city/county jurisdictions, and the local community. Once an area, or footprint, is established and has voted to establish a CBD program, local property owners within the district are levied a special assessment (property tax assessment) to fund improvements to the designated area. The funds are then managed and administered by a non-profit organization established by the district property-owner participants.

The City of Modesto, working with local business community leaders are conceptually working on the formation of a CBD in the downtown Modesto core (see Attachment 2). There have been six meetings held to discuss the potential footprint for such a district and an interest survey has been distributed to business and property owners within the potential boundary.

The assessment methodology includes three assessment components: Linear frontage cost (linear feet of actual street frontage), Parcel/Lot size (land based square footage), and Building/Structures (vertical/structural square footage). Additionally, a fourth assessment for future residential condo construction is identified to cover any future downtown residential development.

Linear frontage is determined based upon the total number of linear feet that a property fronts on the street. Some properties (mid-block as example) may have only one side assessed for street frontage, others may have linear frontage on several or all sides (corner lots or full blocks). The assessment received for linear frontage will be used to improve sidewalk presence, power wash campaigns, general clean up and graffiti abatement issues and concerns. All participants in the CBD would be assessed this component.

Parcel and lot size refers to the square footage allocation of the physical lot/land component. The assessment received for parcel/lot size will be used to improve security and issues related to loitering, aggressive panhandling, and serial inebriates. All participants in the CBD would be assessed this component.

Buildings and structures refers to the vertical square footage associated with actual buildings and structures. The assessment received for building and structures will be used for marketing and promotional purposes, promoting the downtown core as an attractive commerce and tourism destination. This assessment is not collected from public entities such as the City of Modesto, County buildings, Stanislaus County Office of Education, or State court facilities due to the fact that these public facilities cater to public services and marketing their presence is counter intuitive to their missions.

Consideration of the Establishment of the Downtown Modesto Community Benefit District and Authorize the Chairman of the Board of Supervisors to Sign and Submit Property Owner's Ballot

Based upon the core service area map as currently being discussed, the County facilities included in this area include the library main branch, District Attorney 12th Street building and garage, Courthouse park, downtown jail, Clerk Recorder and Public Defender (1021 I Street), SBT and Probation (801 11th Street), and the Gallo Performing Arts Center. A portion of the 10th Street Place building is listed as part of the City-County Capital Improvement Finance Agency and a portion as the City of Modesto Redevelopment Agency, and therefore is not included in the attached assessment estimate.

On June 2, 2015 the Board of Supervisors signed a petition in support of the formation of the Downtown Modesto CBD. The Modesto City Council approved a resolution of intention regarding this matter on June 23, 2015, because petitions in favor of forming a Downtown Modesto CBD were endorsed by more than thirty percent of the weighted value of the property assessments that would be imposed if the Downtown Modesto CBD is established.

The Modesto City Council will conduct a public hearing on August 11, 2015 to establish the Downtown Modesto CBD, and the potential levy and collection of assessments for Fiscal Year 2015-2016.

POLICY ISSUES:

The recommended action supports the Board's priorities of A Strong Local Economy by supporting local downtown community.

STAFFING IMPACTS:

Staff in the Chief Executive Office has participated on the CBD Formation Committee.

CONTACT:

Keith D. Boggs, Assistant Executive Officer Telephone: 652-1514

ATTACHMENTS:

Ballot

Office of the Modesto City Clerk

UPDATED

1010 Tenth Street, Suite 6600 Modesto, CA 95354

BALLOT TO ESTABLISH THE DOWNTOWN MODESTO COMMUNITY BENEFIT DISTRICT

Pursuant to Modesto Community Benefit District Ordinance, Title 8, Chapter 9 of the Modesto Municipal Code

LEGAL OWNER: County of Stanislaus

| <u>APN NUMBER</u> | <u>SITE ADDRESS</u> | <u>ASSESSMENT AMOUNT</u> | <u>PERCENTAGE</u> |
|-------------------|---------------------|------------------------------|-------------------|
| 105 006 012 000 | 1500 I ST | \$7,262.75 | 1.04% |
| 105 024 010 000 | 820 12TH ST | \$3,905.18 | 0.56% |
| 105 024 014 000 | 832 12TH ST #3RD | \$383.50 | 0.05% |
| 105 024 015 000 | 832 12TH ST #4TH | \$383.50 | 0.05% |
| 105 024 016 000 | 832 12TH ST #5TH | \$383.50 | 0.05% |
| 105 025 002 000 | 1100 I ST | \$4,925.01 | 0.71% |
| 105 025 003 000 | 1100 I ST | \$2,925.59 | 0.42% |
| 105 038 023 000 | 1021 I ST | \$3,724.91 | 0.53% |
| 105 039 013 000 | 11TH ST | \$2,640.34 | 0.38% |
| 105 039 014 000 | 10TH ST | \$10,210.60 | 1.46% |
| <u>TOTALS:</u> | | \$36,744.88 | 5.27% |

Yes, I approve of the proposed assessment of \$36,744.88 on the parcels identified in this ballot.

No, I do not approve of the proposed assessment of \$36,744.88 on the parcels identified in this ballot.

Property Owner's Name (Please Print or Type)

Property Owner's Signature

Signature Date

-OR-

Duly Authorized Representative's Signature

Title (Please Print or Type)

Date

You may return your ballot by mail in the enclosed ballot return envelope (remember to add postage) or deliver it in person to the City of Modesto, City Clerk Office, 1010 Tenth Street, Suite 6600 Modesto, CA 95354. To be counted, however, the City Clerk must receive your ballot prior to the close of the public hearing on the establishment of the District scheduled for Tuesday, September 1, 2015 at 5:30 p.m.

July 9th, 2015

BOARD OF SUPERVISORS

2015 JUL 14 A 10:18

TO: Downtown Modesto Community Benefit District Property Owner

FROM: City of Modesto

SUBJECT: **UPDATED Notice of Public Hearing to Establish the Downtown Modesto Community Benefit District, to be known as the Downtown Modesto CBD, and the levy and collection of assessments for fiscal year 2015-2016**

Dear Downtown Modesto Property Owner

On or around June 27, 2015, you received a notice and ballot package that included a Downtown Modesto Management Plan summary, a Resolution of Intent, a ballot and a return envelope that allowed you to return your ballot.

It has come to the City's attention that the ballot, due to technical problems, may have not provided you with the opportunity to cast a vote reflecting a "yes" or "no" position regarding the assessment and establishment of the District. In addition, the calculation of some of the individual parcel assessments may have been incorrect.

Please disregard the notice and ballot package that you received on or around June 27, 2015. This serves as an updated notice and ballot. Enclosed, please find an updated and corrected ballot that will allow you to vote on the district formation. Please disregard the original ballot received and complete and return the enclosed ballot instead. Due to the error, all original ballots received by the City Clerk will not be counted. If you have already submitted a ballot, you will need to complete and resubmit the updated ballot enclosed herein.

The purpose of this notice is to provide you with information about the assessment ballot proceeding and public hearing being conducted by the Modesto City Council on Tuesday, September 1st, 2015.

Please be advised of the following:

- Please find enclosed your official ballot for the proposed Downtown Modesto Community Benefit District ("Downtown Modesto CBD"). Because you are an affected property owner, you

have the right to vote in favor or against the formation of the Downtown Modesto CBD which is proposed to operate for a new 15-year term.

- The purpose of the assessment is to enhance the security, safety, appearance, and economic viability within the Modesto CBD.
- The Modesto City Council will conduct a Public Hearing on Tuesday, September 1st at **5:30pm or as soon thereafter as the matter may be heard, Modesto City Hall, 1010 10th Street, Modesto, CA. 95354.** At this hearing, the City Council will hear testimony regarding the proposed assessment. The reason for the assessment is to establish the property-based Downtown Modesto Community Benefit District. The annual assessments will last for 15 years; the services implemented through December 2030.
- The Modesto City Council approved a Resolution of Intention regarding this matter on June 23rd, 2015 because petitions in favor of forming the Downtown Modesto CBD were endorsed by more than 30 percent (30%) of the weighted value of the property assessments that would be imposed if the Downtown Modesto CBD is established.
- The Resolution of Intention states that the total assessment proposed to be levied within the Modesto CBD for fiscal year 2015-2016 is \$700,000; and that the amount proposed to be levied and collected for subsequent years may be increased by an amount not to exceed five percent (5%) per year in accordance with increases in the consumer price index for urban consumers. The amount to be levied on your parcel(s) is specified on the enclosed ballot. The basis upon which the amount of the proposed assessment was calculated is contained on pages 4-5 of the Downtown Modesto CBD Management District Plan Summary, enclosed herein
- Per City of Modesto's Community Benefit District Ordinance (Title 8, Finance, Revenue, Taxation of the Modesto Municipal Code, adding Chapter 9 on Community Benefit Districts) and State Proposition 218, official ballots are being mailed to affected property owners. The City Council shall approve formation of the Downtown Modesto CBD and the assessment if, at the close of the Public Hearing, a majority protest is not established. A majority protest exists if, upon the conclusion of the Public Hearing, ballots submitted in opposition to the establishment of the Downtown Modesto CBD and corresponding property assessment exceed the ballots submitted in favor of the Downtown Modesto CBD and corresponding property assessment. In tabulating the ballots, the ballots shall be weighted according to the proportional financial obligation upon the affected property.
- The results of the balloting will be tabulated and announced at the conclusion of the public hearing to be scheduled for September 1st, 2015. The results of the balloting will not be an-

nounced until the conclusion of the public hearing. The assessment ballot shall be treated as a public record during and after tabulation of the assessment ballots.

- The Downtown Modesto stakeholders have met the requirements of the City of Modesto's enabling ordinance by submitting qualified petitions and an appropriate Management District Plan, which is enclosed and certified by a qualified District Assessment Engineer.

ASSESSMENT BALLOT PROCEDURES:

Enclosed with this notice, you will find:

1. Assessment Ballot
2. Copy of Resolution of Intention to form the Downtown Modesto CBD , approved by the Modesto City Council on June 23rd, 2015
3. Downtown Modesto CBD Management District Plan Summary (a copy of the full Management District Plan and/or the certified Engineer's Report is available upon request)
4. Return Envelope to return signed ballot

Please follow the directions on the assessment ballot. The following is a summary of the procedures governing the return and tabulation of the ballots.

- The City of Modesto through the Office of the City Clerk will handle the sending, receipt, and counting of the ballots.
- A ballot is being sent to the owner of each parcel identified in the Downtown Modesto 2016 Management District Plan and verified by the Engineer's Report. The ballot will be sent to the parcel property owner address on file with the County or City Assessor's Office. If the ballot is returned as undeliverable within 21 days of mailing, the City Clerk's Office will attempt to determine a correct owner and/or address and re-send the ballot.
- Only ballots with original signatures – not photocopies of signatures will be accepted.
- Ballots will NOT be counted if ballot:
 - Is a photocopy without an original signature;
 - Is unsigned; or
 - Lacks an identifiable "yes" or "no" vote.
- Ballots must be cast by the property owner, or authorized party with authority to vote on behalf of the property owner.
- A voting reminder notice may be sent by the Modesto CBD Steering Committee.

- Ballots are requested to be mailed in the return envelope enclosed with ballot. If a ballot is hand delivered, it must be delivered to the City Clerk by the conclusion of the Public Hearing, which may begin no earlier than 5:30pm, Tuesday, September 1st, 2015, Modesto City Council Chambers, at 1010 10th Street, to be officially counted.

Community Meeting

The Steering Committee members would like to invite you to a community meeting to answer any questions you may have and to inform you how you can become involved in management of the district, if it is formed. The meeting will take place at 9:00am on July 22nd, 2015 at the Kirk Lindsey Center, located at 1020 10th Street, Suite 102, Modesto, CA.

Should you have any questions, please contact:

Josh Bridegroom, Downtown Development Manager, City of Modesto, 1010 10th Street, Suite 3300, Modesto, CA 95354. Telephone: (209) 571-5566 Email: jbridegroom@modestogov.com.

Thank you.

**MODESTO CITY COUNCIL
RESOLUTION NO. 2015-204**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MODESTO DECLARING ITS INTENTION TO ESTABLISH THE DOWNTOWN MODESTO COMMUNITY BENEFIT DISTRICT AND TO LEVY AND COLLECT ASSESSMENTS WITHIN SAID DISTRICT PURSUANT TO CITY OF MODESTO MUNICIPAL CODE TITLE 8, CHAPTER 9 PERTAINING TO THE FORMATION OF A COMMUNITY BENEFIT DISTRICT, AND CALLING AN ASSESSMENT BALLOT PROCEEDING AND ESTABLISHING A TIME AND PLACE FOR A PUBLIC HEARING (DECLARES THE INTENTION TO ESTABLISH A COMMUNITY BENEFIT DISTRICT FOR 15 YEARS AND SETS A PUBLIC HEARING FOR AUGUST 11, 2015)

WHEREAS, the City of Modesto's Community Benefit District Ordinance, Modesto Municipal Code Title 8, Chapter 9 (the "Ordinance") authorizes the City to establish a Community Benefit District ("CBD") for up to 20 years to enhance the security, safety, appearance, and economic viability within such districts; and

WHEREAS, the Ordinance authorizes the City to levy and collect assessments on real property within such districts for the purpose of providing improvements and promoting activities that specially benefit real property within such districts; and

WHEREAS, the Ordinance authorizes the City to use the procedures set forth in the Property and Business Improvement District Law of 1994 (Streets & Highways Code sections 36600 et seq.) (the "PBID Law") as modified by the Ordinance for purposes of forming an assessment district; and

WHEREAS, Articles XIIC and XIID of the California Constitution and Section 53753 of the California Government Code (Proposition 218 Omnibus Implementation Act) also impose certain procedural and substantive requirements relating to the notice, protests and hearing requirements pertaining to new or increased assessments; and

WHEREAS, written petitions have been submitted by property owners within the area of the proposed CBD in Modesto that request the City Council initiate proceedings pursuant to the Ordinance to establish a Downtown Modesto Community Benefit District for a fifteen year period; and

WHEREAS, such petitions were signed by property owners in the proposed CBD who will pay more than thirty percent (30%) of the assessments proposed to be levied; and

WHEREAS, a Management District Plan entitled the Downtown Modesto Community Benefit District 2015 Management District Plan (the "Management Plan" **attached** hereto as **Exhibit 1**) for the proposed Downtown Modesto CBD has been prepared and contains all of the information required by the Ordinance, including, but not limited to, a description of the boundaries of the proposed CBD, the special benefit improvements and activities. The proposed boundaries of the Downtown Modesto CBD are also shown in the Management Plan that **is attached**.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MODESTO AS FOLLOWS:

Section 1. Pursuant to the Ordinance which incorporates provisions of Section 36621 of the PBID Law, the City Council declares its intention to establish the Downtown Modesto Community Benefit District (the "District") for a period of fifteen (15) years, and to levy and collect assessments against lots and parcels of real property within the District commencing in fiscal year 2015-2016 and ending December 1, 2030.

Section 2. The City Council hereby approves the Management Plan, which contains the District's Engineer's Report, for the proposed Downtown Modesto CBD, which Management Plan is on file in the office of the City Clerk, and **attached** hereto as **Exhibit 1**.

Section 3. The City Clerk shall make the Management Plan and other documents related thereto available to the public for review during normal business hours.

Section 4. The proposed activities as set forth in the Management Plan include marketing, District identity, beautification, security, maintenance, administration/corporate operations and an appropriate contingency/reserve. All proposed services and improvements will provide a special benefit to businesses and real property located in the District.

Section 5. The total assessment proposed to be levied and collected within the proposed Downtown Modesto CBD for fiscal year 2015-2016 is \$700,000. Section 7 of the Management Plan sets forth the proposed Downtown Modesto CBD annual assessment amount by Assessor's Parcel Number. The amount to be levied and collected for subsequent years may be increased by an amount not to exceed five percent (5%) per year in accordance with increases in the Stanislaus County Consumer Price Index for all urban consumers from February to February.

Section 6. NOTICE IS HEREBY GIVEN that the City Council shall conduct a public hearing to establish the Downtown Modesto CBD, and the levy and collection of assessments for fiscal year 2015-2016 on the 11th day of August, 2015, at 5:30 p.m. or as soon thereafter as the matter may be heard, in the City Council Chambers located at 1010 10th Street, Modesto, CA 95354.

At the public hearing, the City Council will consider all objections or protests, if any, to the proposed establishment of the Downtown Modesto CBD, and all objections to the proposed assessment.

An assessment ballot proceeding is hereby called on behalf of the City Council on the matter of confirming assessments for any property within the District subject to a new assessment pursuant to Article XIID of the California Constitution. The assessment ballot proceeding on the matter of authorizing the levy of the assessments, pursuant to Government Code Section 53753 and Section 4 of Article XIID of the California Constitution, consists of a ballot and mailed notice, distributed to affected property owners. Each property owner's ballot is weighted by the amount of his or her proposed assessment. Each property owner may return the ballot by mail or in person to the City Clerk, Modesto City Hall, at 1010 10th Street, Modesto, CA 95354, at or before the conclusion of public testimony at the public hearing. A written protest may be withdrawn in writing at any time before the public hearing.

At the conclusion of the public hearing, the City Clerk and/or an impartial designee shall tabulate the ballots to determine if a majority protest exists. The ballots shall be weighted according to the proportional financial obligation of each affected parcel. A majority protest exists if, upon the conclusion of the public hearing, weighted ballots submitted in opposition to the assessment exceed the weighted ballots submitted in favor of the assessment. Provided a majority protest does not exist, the City Council may then establish the Downtown Modesto CBD by adopting a resolution to that effect.

Section 7. The City Clerk is hereby authorized and directed to give notice of the public hearing as provided in Section 53753 of the Government Code and Article XIID, Section 4 of the California Constitution.

Section 8. The City Manager is hereby authorized to sign the ballots for the City-owned properties to establish the Downtown Modesto CBD.


The foregoing resolution was introduced at a regular meeting of the Council of the City of Modesto held on the 23rd day of June, 2015, by Councilmember Lopez, who moved its adoption, which motion being duly seconded by Councilmember Kenoyer, was upon roll call carried and the resolution adopted by the following vote:

AYES: Councilmembers: Cogdill, Gunderson, Kenoyer, Lopez, Zoslocki, Mayor Marsh

NOES: Councilmembers: None

ABSENT: Councilmembers: Madrigal

ATTEST:


STEPHANIE LOPEZ, City Clerk

(SEAL)

APPROVED AS TO FORM:

By: 
ADAM U. LINDGREN, City Attorney

THIS IS TO CERTIFY THAT THIS
IS A TRUE COPY OF THE DOCUMENT ON
FILE WITH THIS OFFICE.

DATE June 25, 2015


SIGNATURE
CITY CLERK
CITY OF MODESTO, CA



Downtown Modesto Community Benefit District (CBD) Management District Plan – May 2015

(Full copies of this Management District Plan and the Assessment Engineer's Report are available by contacting Josh Bridegroom at the City of Modesto)

Management District Plan Summary

The name of this Community Benefit District is the Downtown Modesto Community Benefit District (the "CBD"). The District is being formed pursuant of the City of Modesto Community Benefit District formed under Title 8, "Finance, Revenue and Taxation," of the Modesto Municipal Code by adding Chapter 9, "Community Benefit Districts" and hereinafter referred to as the "Ordinance".

Developed by the Downtown Modesto CBD Steering Committee – this Management District Plan is proposed to improve and provide special benefits to individual parcels located within the boundaries of the newly proposed 2015 Downtown Modesto Community Benefit District. The proposed CBD will provide special benefit district improvements and activities, including cleaning, security, beautification, district identity, possible transportation related activities and other special benefit programs to parcels within the boundaries of the proposed district.

The proposed Downtown Modesto CBD serves to improve the individual parcels, attract new customers to their businesses, increase sales, increase occupancies and enhance the benefitting individual parcels within the CBD. The proposed CBD seeks to fund the special benefits that will be provided over the next fifteen years, based upon keeping the greater Downtown Modesto area clean, safe, orderly, attractive, well marketed with special events and programs, and increase commerce within the boundaries.



Corporate Office ■ 710 W. Ivy Street ■ San Diego, CA 92101 ■ 888-356-2726 ■ 619-233-5009 ■ Fax 619-239-7105

San Francisco Bay Area Office ■ 954 Lee Avenue, ■ San Leandro, CA 94577

New England Office: 30 Centre Street, ■ New Bedford, MA ■ 02745

mail@newcityamerica.com ■ www.newcityamerica.com ■ Facebook: New City America, Inc.

Boundaries:

The boundaries shall include approximately 47 whole or partial blocks with 318 parcels owned by 214 property owners. See Downtown Modesto Proposed CBD map in Section 2, pages 10 and 11. The District is generally bounded by:

- L Street between both sides of 8th Street and Needham on the northwest,
- Needham Street, between L Street and H Street on the north,
- H Street between 19th Street and 15th Street, and then on G Street from 15th Street to both sides of 8th Street on the southeast; and
- Both sides of 8th Street from G Street to L Street on the southwest;

Budget:

The total first year Downtown Modesto CBD budget based upon assessable individual parcel owners for FY 15/6, will be \$ 700,000.00. Please see Section 3 for a breakdown of the categories of special benefit services.

Improvements, Activities and Services of the Downtown Modesto CBD Plan:

There are five basic categories of special benefit services that will be funded by the Downtown Modesto CBD. All of these services will confer a special benefit to the individual parcels within the Downtown Modesto CBD. The categories of special benefits are as follows:

1. ***Sidewalk Operations, Beautification and Order:*** This includes all sidewalk and gutter cleaning services, possible enhance security, sidewalk steam cleaning services, graffiti removal, trash removal, as well as enhanced services to beautify the district. Sidewalk operations services totals \$ 425,000 or 61% of the first year annual budget of the new CBD.
2. ***District Identity:*** These services include the branding of the Downtown Modesto area, marketing and promotions, newsletter, public relations, media relations, social media, publicity, special events, website development and maintenance, public space develop and holiday decorations. These services equal \$ 150,000 or 21% of the first year annual budget of the new district.
3. ***Enhanced Residential Improvements:*** Though there are currently not any single residential units in the form of condos within the boundaries of the revised district, future condo developments that will be constructed within the CBD boundaries will be assessed to fund their particular special benefits. These special benefit services will include, but are not limited to: enhanced beautification in blocks with a high density of condos, public space development, implementation of pet related services and administrative costs. These assessments will be allocated with the same percentages of the overall budget.

4. **Program Management and Corporate Operations:** These services equal \$97,000 or 14% of the first year annual budget of the new district.
5. **Contingency/Reserve.** This contingency anticipates a “historic” non-payment rate percentage of 2 to 4%, and any City or County collection fees. This fund equals \$28,000 or 4% of the first year annual budget of the new district.

Downtown Modesto CBD FY 2015-16 Budget

| PROGRAM OR ACTIVITY FUNDED BY THE DOWNTOWN MODESTO COMMUNITY BENEFIT DISTRICT | APPROXIMATE% OF FIRST YEAR ANNUAL BUDGET | ESTIMATED ANNUAL COSTS |
|---|---|------------------------|
| Sidewalk Operations, Beautification and Order | 61% | \$ 425,000.00 |
| District Identity and Streetscape Improvement | 21% | \$ 150,000.00 |
| Administration/Corporate Operations | 14% | \$ 97,000.00 |
| Contingency/City and County Fees/Reserves/Special projects | 4% | \$ 28,000.00 |
| TOTAL | 100% | \$ 700,000.00* |

**The City, individuals, businesses, and groups that contributed to the investigation and formation costs of the Downtown Modesto CBD shall be entitled to be reimbursed within the first five years of the adoption of the CBD by the City Council. Costs that can be recovered include: (1) The costs of preparation of the management plan and engineer's report required by state law; (2) The cost of circulating and submitting the petition to the City Council seeking establishment of the District; (3) The costs of printing, advertising and the giving of published, posted or mailed notices; (4) Compensation of any engineer or attorney employed to render services in proceedings associated with formation of the Downtown Modesto CBD; and (5) Costs associated with any ballot proceedings required by law for approval of the CBD assessment. Contributions to the investigation and formation effort shall be reimbursed fully in the amount contributed upon receipt of appropriate documentation of the contribution to the new management corporation Board of Directors. The total amount to be reimbursed shall not exceed \$70,000.*

This plan proposes percentages for groups of services with the intent that they will provide individual parcels with an understanding of the portion of the budget allocated to fund those services, while simultaneously giving the property owners and businesses an understanding of the proportional benefit they will receive. Demands for prioritization of one special benefit need over another *within the same category* will occur year by year. Supplemental security may be a priority one year, however enhanced sidewalk sweeping and beautification may be a

priority another year. Both of these services fall within the same special benefit category or sidewalk operations.

Method of Financing:

The financing of the Downtown Modesto CBD is based upon the levy of special assessments upon real property that receive special benefits from the improvements and activities. See Section 4 for assessment methodology and compliance with Proposition 218. There will be four factors used in the determination of proportional benefit to the parcels in the CBD. Those four factors are:

- Linear frontage;
- Lot size or the footprint of the parcel;
- Building square footage (excluding parking structures built within the building that predominantly serve the tenants of the building and are not open to the public); and
- Future residential condos that will be constructed within the District.

The following data represents the foundation of the assessments that will generate the revenue to fund the Downtown Modesto CBD: (verified as of April 5th, 2015);

Benefit Zones:

State law and the State constitution, Article XIIID require that special assessments be levied according to the special benefit each individual parcel receives. There is only one proposed under this plan.

Data in the CBD:

| <i>Building Square Footage</i> | <i>Lot Size (square feet)</i> | <i>Linear Frontage</i> |
|---------------------------------------|--------------------------------------|-------------------------------|
| 2,632,178 | 5,070,262 | 59,911 |

Residential Condos:

0 assessable building square footage.
Currently there are no residential condo developments within the Downtown Modesto CBD boundaries total. When constructed, these future units will be assessed at the rate of \$0.20 per square foot for their verifiable building square footage per parcel.

Costs:

Annual assessments are based upon an allocation of program costs by assessable linear frontage (by Benefit Zone), assessable on all sides of the parcels that receive benefit; PLUS lot or parcel square footage; PLUS assessable building square footage, and in the case of residential condos, by building square footage.

Future residential condo owners will be assessed differently since they are, in essence, acquiring air rights with the purchase of their residential condos and linear frontage and lot size will not be relevant to their parcels. This alternate assessment methodology is created to respond to their special needs of homeowners within this growing Downtown district. All four property variables will be used in the calculation of the annual assessment.

The FY 2015-16 year annual assessments per property variable are as follows:

| | |
|--|--|
| Linear Frontage costs: | \$7.0938 per linear foot/year |
| Building Square Footage costs: | \$0.056987 per square foot/year |
| Lot Size costs: | \$0.024654 per square foot/year |
| Future Residential Condo costs: | \$0.20 per square foot of parcel unit square footage |

Cap:

The CBD budget and assessments may be subject to changes in the Consumer Price Index (CPI) for the Stanislaus County Consumer Price Index for all urban consumers from February to February, with annual increases not to exceed 5% (five per cent) per year. Increases will be determined by the Owners' Association/District Management Corporation and will vary between 0% and 5% annually. Changes in land use, development of empty parcels, conversion of tax exempt to profitable land uses, demolition of existing buildings, and creation of new parcels through new building or residential condo development may alter the budget from year to year based upon the changes in the building square footage of an individual parcels. Since linear frontage and lot size normally are not altered in the redevelopment of a site, the only changes realized in the CBD will be through the building square footage. In addition, changes in the budget may occur due to the conversion of single parcels to multiple parcels due to the cons

Bonds:

The District will not issue any bonds related to any program.

District Formation:

Under the local enabling ordinance, the District formation and modification requires a submission of petitions from property owners representing more than 30% of the total assessments.

Once the City verifies the petitions totaling a minimum of 30% or \$ 210,000 in assessment contribution to the District, the Modesto City Council may adopt a **Resolution of Intention** to mail out ballots to all affected property owners. The City will then hold a public hearing and tabulate the mail ballots. The Downtown Modesto CBD will be formed if the weighted majority of all returned mail ballots support the District formation and if the City Council adopts a resolution of formation to levy the assessments on the benefiting parcels. At this point, that public hearing is scheduled for Tuesday, July 28th, 2015.

Disestablishment:

California State Law, Section 36670 provides for the disestablishment of a District. Provisions for annual disestablishment of the CBD are provided for in the local Modesto CBD ordinance. Property owners dissatisfied with the results, management or quality of the services may petition the City Council to disestablish the CBD, in the same method in which they petitioned the City Council to establish the District.

Section 36670 states:

(b) The city council shall adopt a resolution of intention to disestablish the district prior to the public hearing required by this section. The resolution shall state the reason for the disestablishment, shall state the time and place of the public hearing, and shall contain a proposal to dispose of any assets acquired with the revenues of the assessments levied within the property and business improvement district. The notice of the hearing on disestablishment required by this section shall be given by mail to the property owner of each parcel or to the owner of each business subject to assessment in the district, as appropriate. The city shall conduct the public hearing not less than 30 days after mailing the notice to the property or business owners. The public hearing shall be held not more than 60 days after the adoption of the resolution of intention."

Unexpended surplus funds will be returned to property owners based upon each parcels percentage contribution to the previous fiscal year's assessments if the District is not renewed.

Time and Manner for Collecting Assessments:

The Downtown Modesto CBD assessments will appear as a separate line item on annual property tax bills prepared by the County of Stanislaus. 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 Stanislaus. These assessments shall provide for the same lien priority and penalties for delinquent payment as is provided for the ad valorem property tax.

Any delinquent assessments owed for the first year will be added to the property tax roll for the following year together with any applicable interest and penalties. The "property owner" means any person shown as the owner/taxpayer on the last equalized assessment roll or otherwise known to be the owner/taxpayer by the City.

Government Assessments:

The Downtown Modesto CBD Management Plan assumes that the City of Modesto, the Successor Agency, Stanislaus County, the County Education Department and other government entities will pay assessments for the public property within the boundaries of the District. Article XIII D, Section 4 of the California Constitution was added in November of 1996 to provide for these payments.

Parcels owned by the City of Modesto, controlled by the Successor Agency, the State of California, the Stanislaus County shall receive benefits, commensurate with the assessments paid into the Downtown Modesto CBD. The publicly owned parcels are presumed to benefit equally to the privately owned parcels for the sidewalk and administrative special benefits provided, *however City, County and County School District parcels shall be exempt from assessments on their building square footage since they will not derive benefit from the "District Identity" special benefit services, (see Section 3, page 15).*

Duration:

The Downtown Modesto CBD shall have a fifteen-year term which shall commence on December 1st, 2015 and expire on November 30th, 2030, with operations winding down by November 30th, 2030, unless the district is renewed by the CBD property owners through a new assessment ballot proceeding in 2030.

Governance:

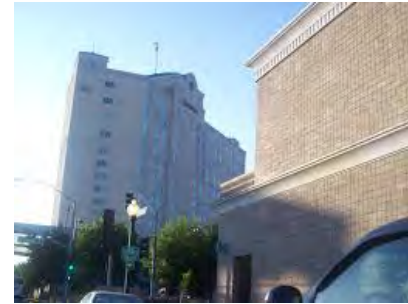
Pursuant to the City of Modesto Community Benefit District Ordinance and Section 36600 of the California Streets and Highway Code, a District Management Corporation or Owners' Association, will review District budgets and policies annually within the limitations of the Management District Plan. The Management Corporation will file Annual Reports with the City of Modesto (City) and will oversee the day-to-day implementation of services as defined in the Management District Plan. Section 36614.5 states:

The "Owners' association" means a private nonprofit entity that is under contract with a city to administer or implement activities and improvements specified in the management district plan. An owners' association may be an existing nonprofit entity or a newly formed nonprofit entity. An owners' association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose."

Downtown Modesto Community Benefit District Boundaries

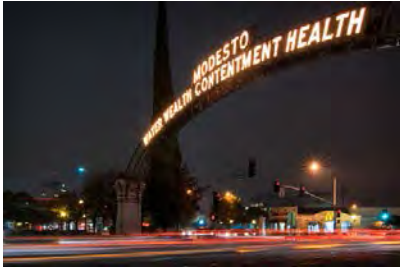
Boundaries: The following text will define the boundaries of the Downtown Modesto CBD.

- **Northwest boundary:** Starting at parcel 104-008-08 at the southeast corner of the intersection of 8th Street and L Street (including all of the parcels on the east side of L Street) and running northeast to the corner of 15th Street and L Street, parcel number 105-010-16;
- **North Boundary:** Starting at parcel 105-010-16 at the southeast corner of the intersection of Needham and L Street and running eastward (including all of the parcels on the south side of Needham) to the parcel 105-001-13 at the southwestern corner of the intersection of 19th Street and Needham Street/Downey Avenue and H Street;
- **Southeastern Boundary:** Starting at parcel 105-001-14 and running southwest to the intersection of 15th Street (including only the parcels on the west side of the street), running one block southeast (including parcels on the south side of 15th Street only) to the parcel at the southwestern corner of the intersection of 15th Street and G Street, and then continuing in a southwesterly direction (including only the parcels on the west side of G Street) and terminating intersection of 8th Street and G Street., ending at parcel 103-003-06.
- **Southwestern Boundary:** Starting at the parcel 103-003-6 at the southwestern corner of 8th Street and G Street, running in a northwesterly direction (to include all of the parcels on the north side of 8th Street) and terminating at the corner of 8th Street and L Street, parcel number 104-008-8.



Downtown Modesto Community Benefit District Formation

Presentation to County Board of Supervisors
July 28, 2015



A **Community Benefit District** is a property owner based assessment area.



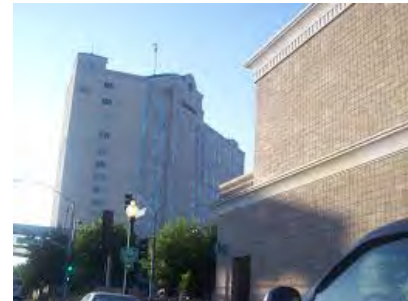
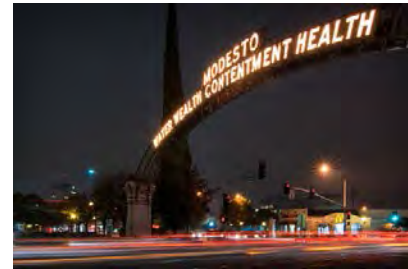
Improvements and services can include:

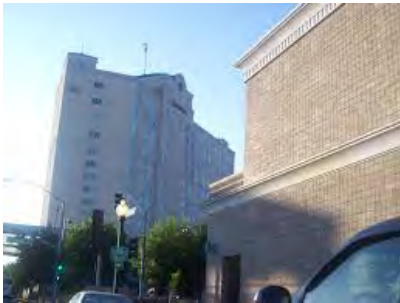
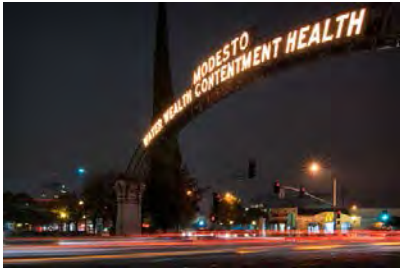
- Litter removal
- Decorative landscaping and flowers
- Increased security services
- Panhandling abatement
- Marketing/branding campaigns



There are seven (7) county owned properties within the proposed Community Benefit District boundary.

- The main (downtown) library
- 12th Street Building
- 12th Street garage
- Downtown jail
- 1021 I Street (Clerk Recorder/Public Defender)
- 801 11th Street (SBT and Probation)
- Gallo Performing Arts Center



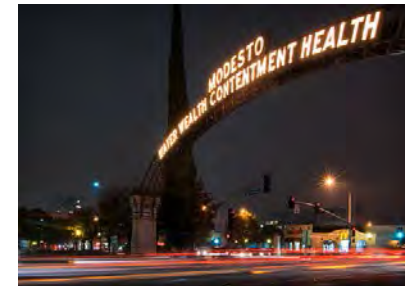
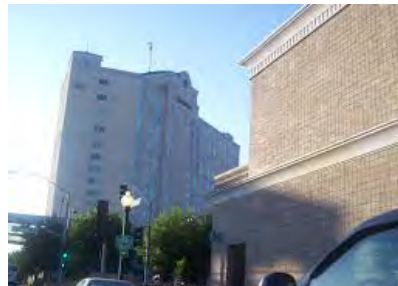


- The total **County property tax assessment is estimated at \$36,745** annually.
- There are three (3) primary assessment categories:
 - Linear frontage rate
 - Parcel/lot size
 - Building square footage (vertical building space)

FOR THE RECORD...

- **NO District Attorney component**
- **No targeting of homeless individuals.**
- **Private property owner driven initiative**
- **Transparent**
- **Weighted Vote**
- **CPI assessment inflator**

| 2010 | 2011 | 2012 | 2013 | 2014 |
|------|------|------|------|------|
| 1.6 | 3.2 | 2.1 | 1.5 | 1.6 |



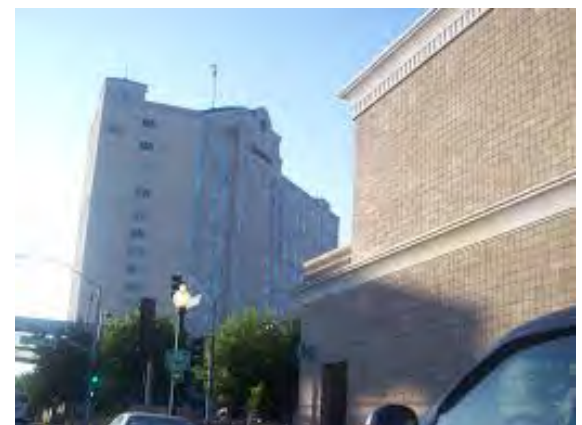
LOCAL SUCCESSES

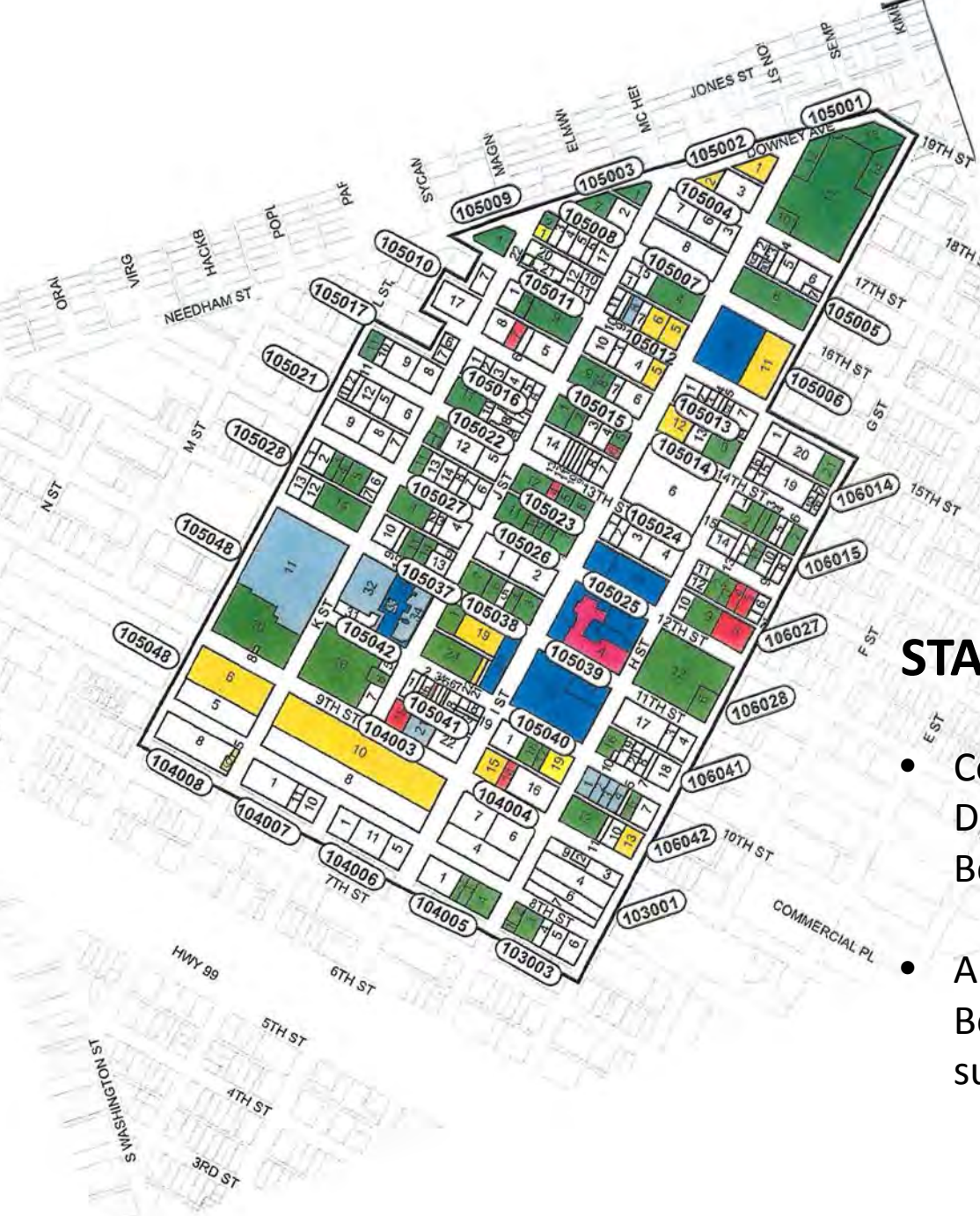
Turlock, California

- Formed downtown benefit district six years ago.
- At formation – vacancy rates in downtown were at an all time high – hovering just over 35%.
- Today, vacancy rates are at an impressive 4%
- Rental/lease rates have gone up by over 25%.

Stockton Miracle Mile

- Community Benefit District was formed in 2008.
- Higher sustained occupancy than any other region or district in Stockton.
- The dining and nightlife destination point in Stockton.
- Since CBD inception = over 100,000 additional visitors to District events
- Picked up over 51,000 pounds of trash and litter per month





STAFF RECOMMENDATION:

- Consider the establishment of the Downtown Modesto Community Benefit District, and
- Authorize the Chairman of the Board of Supervisors to sign and submit the property owner’s ballot.



QUESTIONS...