



# CITY OF SAN DIEGO

**DOWNTOWN PROPERTY & BUSINESS IMPROVEMENT DISTRICT**

## **ENGINEER'S REPORT**

JUNE 2009

PURSUANT TO THE PROPERTY & BUSINESS IMPROVEMENT DISTRICT LAW OF 1994 OF THE CALIFORNIA STREETS & HIGHWAYS CODE ARTICLE XIID OF THE CALIFORNIA CONSTITUTION

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## PBID SUMMARY

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### OVERVIEW:

The Downtown Property & Business Improvement District (PBID) was established by property owners in the downtown area to provide a local, ongoing funding source to keep public sidewalks, landscaping and other public areas in downtown San Diego clean, safe and well maintained.

### SERVICES FUNDED:

The PBID funds the following services which are directly provided for property on the PBID and are overseen by an independent oversight committee comprised of local property owners:

- Sidewalk cleaning, litter removal, graffiti abatement
- Landscaping and tree maintenance
- Public safety and security programs and patrols
- Enhanced lighting
- Public information and management of the PBID

### PBID OVERSIGHT:

The PBID assessments are overseen by the City of San Diego and are managed by the Property and Business Improvement District Management Committee, a 15-member committee of the Downtown San Diego Partnership. (The Partnership is a private non-profit business organization with over 325 property owners in the downtown area as members.)

### LOCATION:

The District encompasses the majority of downtown San Diego and is generally situated east of Pacific Highway, South of I-5, West of I-5 and North of Commercial and Harbor Drive. It includes the neighborhoods of Cortez, Downtown Core/Columbia, East Village, Gaslamp Quarter, and Marina.

### PBID HISTORY:

The PBID was originally formed in February 2000 after a weighted majority of property owners in the PBID approved the proposed assessments in a property owner ballot proceeding. The PBID assessments have been used since this time to fund street cleaning, graffiti abatement, safety patrols and other services that provide a direct

advantage to property throughout the downtown area. These assessments had a maximum 5-year statutory life and expired on June 30, 2005.

#### DISTRICT RENEWAL:

The District was renewed on June 14, 2005 after 71% of a weighted majority of property owners in the PBID approved the proposed assessments in a property owner ballot proceeding. The renewal of the PBID assessments included a new 10-year term and provisions for annual cost indexing of up to 5% per year.

#### PROPOSED ASSESSMENTS:

The proposed assessment rates and total assessments for FY2009-10 are summarized below. These increased rates are needed in order to provide sufficient funding for continued and improved maintenance, landscaping, safety patrols, lighting and other services funded in the PBID by the assessments.

#### APPORTIONMENT METHOD:

Lot/Building Square Footage (SF)

Linear Foot of Street Frontage (LF)

**Figure 1 - Assessment Summary**

	FY 2009-10		
<b>Total Parcels Assessed</b>	10,287		
<b>Total Estimated Assessment:</b>	\$5,894,600		
<b>Total Number of Units</b>	Parcels	SF	LF
<i>Core/Columbia</i>	1,740	26,555,508	86,730
<i>Cortez</i>	1,515	6,438,077	37,269
<i>East Village</i>	3,349	13,967,581	103,305
<i>Gaslamp Quarter</i>	991	2,980,697	16,034
<i>Marina</i>	2,692	6,061,630	26,800
<b>Unit Assessment Rates:</b>	Asmt Revenue	\$/SF	\$/LF
<i>Core/Columbia</i>	\$1,861,125.83	\$0.0422	\$8.5378
<i>Cortez</i>	\$593,987.51	\$0.0538	\$6.6441
<i>East Village</i>	\$1,696,470.37	\$0.0746	\$6.3355
<i>Gaslamp Quarter</i>	\$1,028,949.43	\$0.2161	\$24.0003
<i>Marina</i>	\$714,067.32	\$0.0666	\$11.5807

**ANNUAL COST INDEXING:**

The assessment rate may not increase by more than 5% per year. In addition the assessment for any property may change, up or down, if the total building area for the parcel increases or decreases.

**BONDS:**

No bonds will be issued in connection with this PBID.

## INTRODUCTION

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On February 22, 2000, the Downtown Property & Business Improvement District (PBID or District) was established to enhanced services to properties in the PBID, including public safety, enhanced maintenance and lighting programs, and other services above and beyond those currently provided by the City of San Diego (City)<sup>1</sup>. The Year 2000 PBID had a 5 year term and expired on June 30, 2005. In 2005 the PBID was renewed has a 10 year term and will expire on June 30, 2015. The PBID encompasses areas previously included in the Downtown Maintenance Assessment District that was formed in 1997.

This Engineer's Report ("Report") was prepared to provide a framework and requirements for the renewal of the PBID assessments, to establish the budget for the services that would be funded by the proposed assessments, to summarize the benefits received by property in the PBID from the services and improvements funded by the assessments and to establish the method of assessment apportionment of the assessment to lots and parcels in the PBID.

The improvements and activities funded by the PBID are generally described as follows:

- Maintenance Programs: to increase the scope and frequency of landscaping, sidewalk, litter and graffiti cleanup on property in the PBID.
- Public Safety Programs: to support crime prevention, reduce the incidence of nuisance crimes, productively address the challenges associated with downtown's street populations, and generally make PBID property safer and more hospitable.
- Enhanced Lighting: to provide electricity and maintenance for mid-block lighting throughout the PBID.
- Public Information, Program Management & Reserves: Public Information, Program Management and Reserves to ensure professional and accountable deployment of improvements and activities for the direct advantage of property in the PBID.

The renewed PBID assessments have a maximum term of 10 years (commencing July 1, 2005). In addition, the expenditure of the PBID assessments are managed by the Downtown San Diego Partnership in accordance with an operating agreement to be established between the City of San Diego and the Downtown San Diego Partnership.

The PBID boundary for the renewed 2005 district is the same as the former Downtown Maintenance Assessment District and year 2000 PBID. The boundary includes most of

downtown San Diego south and west of Interstate 5. For service provision, budgeting and benefit apportionment purposes, the PBID has been divided into the following five zones: Core/Columbia, Cortez, East Village, Gaslamp Quarter, and Marina. The PBID boundary and zones are depicted in Figure 5. The Boundary Map for the PBID was filed with the City of San Diego and recorded with the County Recorder.

### **PROPOSITION 218**

This assessment is formed consistent with Proposition 218, The Right to Vote on Taxes Act, which was approved by the voters of California on November 6, 1996, and is now Article XIII C and XIII D of the California Constitution. Proposition 218 provides for benefit assessments to be levied to fund the cost of providing services, improvements, as well as maintenance and operation expenses to a public improvement which benefits the assessed property.

Proposition 218 describes a number of important requirements, including a property-owner balloting, for the formation and continuation of assessments, and these requirements are satisfied by the process used to establish this assessment.

### **SILICON VALLEY TAXPAYERS ASSOCIATION, INC. v SANTA CLARA COUNTY OPEN SPACE AUTHORITY**

In July of 2008, the California Supreme Court issued its ruling on the Silicon Valley Taxpayers Association, Inc. v. Santa Clara County Open Space Authority (“SVTA vs. SCCOSA”). This ruling is the most significant court case in further legally clarifying the substantive assessment requirements of Proposition 218. Several of the most important elements of the ruling included further emphasis that:

- Benefit assessments are for special, not general, benefit
- The services and/or improvements funded by assessments must be clearly defined
- Special benefits are directly received by and provide a direct advantage to property in the assessment district

This Engineer’s Report is consistent with the SVTA vs. SCCOSA decision and with the requirements of Article XIII C and XIII D of the California Constitution based on the following factors:

1. The PBID is divided into separate zones of benefit, and the assessment revenue derived from real property in each zone is extended only on specifically identified

activities, improvements and/or maintenance and servicing of those improvements in that zone and other improvements in the PBID that confer special benefits to property in that zone.

2. The use of zones of benefit ensures that the activities, services and improvements funded with assessment proceeds are located in close proximity to the real property subject to the assessment, and that such services provide a direct advantage to the property in the zone.
3. Due to their proximity to the assessed parcels, the services and improvements thereof financed with assessment revenues in each zone benefit the properties in that zone in a manner different in kind from the benefit that other parcels of real property in the Assessment District derive from such services and improvements, and the benefits conferred on such property in each zone are more extensive and direct than a general increase in property values.
4. The assessments paid in each zone of benefit are proportional to the special benefit that each parcel within that zone receives from such services and improvements and the maintenance thereof because:
  - a. The specific services, improvements and maintenance and utility costs thereof in each zone and the costs thereof are specified in this Engineer's Report; and
  - b. Such services, improvement and maintenance costs in each zone are allocated among different types of property located within each zone of benefit, and equally among those properties which have similar characteristics and receive similar special benefits.

There have been a number of clarifications made to the analysis, findings and supporting text in this Report to ensure that this consistency is well communicated.

## PLANS & SPECIFICATIONS

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The services, work and improvements proposed to be undertaken by the District and the cost thereof paid from the levy of the annual assessment provide special benefit to Assessor Parcels within the District as defined in the Method of Assessment herein. Following is a summary of the activities, services and improvements to be funded by the PBID assessments. The activities and improvements specified in the Property and Business Improvement District Law of 1994 from the Streets and Highways Code are incorporated by reference.

The activities, services and improvements (collectively, the "Services") proposed to be funded by the District and the cost thereof paid from the levy of the assessments provide special benefit to parcels within the PBID as defined in the Method of Assessment herein. In addition to the definitions provided by the Property and Business Improvement District Law of 1994 from the Streets and Highways Code, (the "Law") the work and improvements are generally described as follows:

Maintenance, installation, improvement, activities and servicing of public areas and public facilities, property owned or property rights, easements and/or rights of entry, of property within the boundaries of the PBID. Services shall include all incidental expenses.

"Improvement" means the acquisition, construction, installation, or maintenance of any tangible property with an estimated useful life of five years or more including, but not limited to, the following: parking facilities; benches, booths, kiosks, display cases, pedestrian shelters and signs; trash receptacles and public restrooms; lighting and heating facilities; decorations; parks; fountains; planting areas; closing, opening, widening, or narrowing of existing streets; facilities or equipment, or both, to enhance security of persons and property within the area; ramps, sidewalks, plazas, and pedestrian malls; rehabilitation or removal of existing structures.

"Activities" means, but is not limited to, all of the following: promotion of public events which benefit businesses or real property in the district; furnishing of music in any public place within the district; promotion of tourism within the district; marketing and economic development, including retail retention and recruitment; providing security, sanitation, graffiti removal, street and sidewalk cleaning, and other municipal services supplemental to those normally provided by the municipality; activities which benefit businesses and real property located in the district.

Any further plans and specifications for these Services will be filed with the City and are incorporated herein by reference.

### MAINTENANCE SERVICES

The PBID provides resources for a variety of improved maintenance service activities by zone for property in the PBID as shown in Figure 2.

Figure 2 - Estimated Level of Service by Zone

MAINTENANCE SERVICE	PBID Zones				
	Core/ Columbia	Cortez	Gaslamp Quarter	East Village	Marina
Sidewalk Sweeping	Daily (7 days/wk)	Daily (7 days/wk)	Daily (7 days/wk)	Daily (7 days/wk)	Daily (7 days/wk)
Litter Removal	Daily (7 days/wk)	Daily (7 days/wk)	Daily (7 days/wk)	Daily (7 days/wk)	Daily (7 days/wk)
Power Washing	105 sidewalks /Wk	20 Sidewalks /Wk	45 Sidewalks /Wk	75 Sidewalks /Wk	20 Sidewalks /Wk
Graffiti Removal	Daily, as needed	Daily, as needed	Daily, as needed	Daily, as needed	Daily, as needed
Landscape Maintenance	Weekly, as needed	Weekly, as needed	Weekly, as needed	Weekly, as needed	Weekly, as needed
Tree Trimming	Annually (1 time/yr)	Annually (1 time/yr)	Annually (1 time/yr)	Annually (1 time/yr)	Annually (1 time/yr)
Amenity Maintenance/Repair	As Needed	As Needed	As Needed	As Needed	As Needed
<b>Estimated Deployment</b> (# <i>of workers/hours per week</i> )	12.0 / 600 hrs	3.0 / 120 hrs	6.0 / 240 hrs	12.0 / 600 hrs	4.0 / 160 hrs

Maintenance activities are monitored and adjusted by the PBID Advisory Board and individual Zone Committees.

### PUBLIC SAFETY PROGRAMS

Three types of public safety programs were proposed for the PBID:

- Safety Ambassadors, Bicycle Patrols: To enhance the City's conventional police services visible Safety Ambassadors on bicycle patrols will be provided. The Safety Ambassadors will be concentrated on downtown streets during daylight and early evening hours with flexibility to support events and other special needs. Safety Ambassadors would wear bright identifiable uniforms, reinforcing the overall image of downtown. Safety Ambassadors would be trained to assist pedestrians, customers, workers, visitors and other users of property in the PBID.

In addition, the Safety Ambassadors on bicycle patrols act as the “eyes and ears” of local police and consequently improve the safety of property in the PBID.

- Safety Ambassadors, Foot Patrols: Similar to the Safety Ambassadors on bicycle patrols, safety ambassadors on foot would be deployed on foot in areas with high pedestrian use, near visitor destinations and in public spaces such as parks. Such Safety Ambassadors would assist downtown pedestrians and also act as the “eyes and ears” of local police and consequently improve the safety of property in the PBID.
- Enhanced Lighting: The PBID will fund public lighting in the PBID areas. Pursuant to citywide policy, property owners are required to pay for costs associated with mid-block lighting. These costs include electricity, maintenance and repair. The PBID collects assessments for downtown lighting, and then contracts with the City to manage the enhanced lighting services.

#### **PUBLIC INFORMATION, PROGRAM MANAGEMENT & RESERVES**

- Public Information: Clean and safe public information programs are intended to inform both PBID property owners and the residents and customers on their property about the services and benefits provided by PBID-financed maintenance, public safety, and lighting. A full time communications manager plus a web page, newsletters, maps and other handouts is budgeted.
- Program Management: PBID programs are administered by the Downtown San Diego Partnership. Funds are allocated for PBID oversight, accounting and bookkeeping, office and supplies, insurance and other administrative expenses. City and County administrative costs associated with collection, disbursement, and accounting of PBID funds have also been included in the PBID budget.
- Program Reserves: A 7.5% program reserve has been included to account for uncollectables, future development impacts, and other program contingencies. The program reserve may be reduced if assessments and/or service contracts are secured from the state and federal governments.

## FISCAL YEAR 2009-10 ESTIMATE OF COST AND BUDGET

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The Downtown Property and Business Improvement District (District) was established as a self-managed District in fiscal year 2001 to fund sidewalk and landscape maintenance, public safety programs, enhanced street lighting, public information services and administration. The non-profit Downtown San Diego Partnership (Corporation) manages the District. The District assessments have been effectively used to enhance the cleanliness, safety and aesthetic appeal of the downtown areas. The proposed renewed assessments would provide funding for further enhanced services as described in this Report. Figure 3 summarizes the total costs and fund balances for the District.

**Figure 3 - Estimate of Cost for Fiscal Year 2009-10**

	FY 07-08	FY 08-09	FY 09-10
Downtown PBID	Budget	Budget	Proposed
<b>BALANCE</b>		\$1,353,428	\$1,499,753
Revenue			
Assessments	\$ 5,815,464	\$ 5,969,272	\$5,894,600
Other Revenues	-	-	\$0
City Contribution - Gas Tax	33,218	32,395	33,193
<b>TOTAL OPERATING REVENUE</b>	<u>5,848,682</u>	<u>6,001,667</u>	<u>5,927,793</u>
<b>TOTAL REVENUE AND BALANCE</b>	<u>5,848,682</u>	<u>7,355,095</u>	<u>7,427,546</u>
Expense			
Personnel	-	-	-
Contractual	4,327,831	4,953,574	\$4,903,284
Incidental	759,300	768,720	\$456,700
Utilities	420,000	445,000	\$466,000
Contingency Reserve	120,000	1,102,793	251,062
<b>TOTAL EXPENSE</b>	<u>5,627,131</u>	<u>7,270,087</u>	<u>6,077,046</u>
<b>BALANCE</b>	<u>\$ 221,551</u>	<u>\$ 85,008</u>	<u>\$ 1,350,500</u>

### ANNUAL COST INDEXING

In future years, assessments may change, up or down, if square footage information changes and / or PBID budgets. Annual assessments may be adjusted by the Downtown San Diego PBID Advisory Board and its Zone Committees up to 5% per year. Assessment adjustments may differ within each zone reflecting the service needs identified by the PBID Advisory Board and Zone Committees, the cost of services and the fund balances. The following Figure 4 presents the maximum assessment rates by Zone that may be levied during the 10 year term of the proposed assessments.

Figure 4 - Maximum Assessment Rates

Downtown San Diego PBID Maximum Assessment Adjustments during the next 10-year Term										
	Core		Gaslamp		East Village		Cortez		Marina	
	\$/SF	\$/LF	\$/SF	\$/LF	\$/SF	\$/LF	\$/SF	\$/LF	\$/SF	\$/LF
Year 1	0.0422	8.5378	0.2161	24.0003	0.0746	6.3355	0.0512	6.3277	0.0666	11.5807
Year 2	0.0443	8.9647	0.2269	25.2003	0.0783	6.6523	0.0538	6.6441	0.0699	12.1597
Year 3	0.0465	9.4129	0.2382	26.4603	0.0822	6.9849	0.0565	6.9763	0.0734	12.7677
Year 4	0.0488	9.8835	0.2501	27.7833	0.0863	7.3341	0.0593	7.3251	0.0771	13.4061
Year 5	0.0512	10.3777	0.2626	29.1725	0.0906	7.7008	0.0623	7.6914	0.0810	14.0764
Year 6	0.0538	10.8966	0.2757	30.6311	0.0951	8.0858	0.0654	8.0760	0.0851	14.7802
Year 7	0.0565	11.4414	0.2895	32.1627	0.0999	8.4901	0.0687	8.4798	0.0894	15.5192
Year 8	0.0593	12.0135	0.3040	33.7708	0.1049	8.9146	0.0721	8.9038	0.0939	16.2952
Year 9	0.0623	12.6142	0.3192	35.4593	0.1101	9.3603	0.0757	9.3490	0.0986	17.1100
Year 10	0.0654	13.2449	0.3352	37.2323	0.1156	9.8283	0.0795	9.8165	0.1035	17.9655

#### BUDGET ADJUSTMENT

Any annual budget surplus or deficit will be rolled over into the following year's PBID budget. Assessments will be set accordingly, within the constraints of the annual adjustment, to adjust for surpluses or deficits that are carried forward.

#### TIME AND MANNER FOR COLLECTING ASSESSMENTS

As provided for by state law, the PBID assessment will appear as a separate line item on the annual property tax bills prepared by the County of San Diego. Property tax bills are delivered in the fall and payment is generally made in two installments. Existing laws for enforcement and appeal of property taxes apply to the PBID assessments.

#### GOVERNMENT ASSESSMENTS

This report assumes that the City of San Diego, County of San Diego, and State of California will pay assessments for the special benefits conferred to government-owned properties within the PBID boundaries as provided for in Proposition 218. Furthermore, it assumes that the federal government will pay assessments for the special benefits conferred to federally-owned properties within the PBID boundaries as provided for through executive order and adopted policies.

## METHOD OF APPORTIONMENT

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This section includes an explanation of the special benefits to be derived from the services and improvements funded by the assessments and the methodology used to apportion the total assessments to properties within the District.

The method used for apportioning the assessments is based upon the proportional special benefits to be derived by the properties in the District over and above general benefits conferred on real property or to the public at large. Special benefit is calculated for each parcel in the District using the following process:

- 1.) Identification of all benefit factors derived from the Services
- 2.) Calculation of the proportion of these benefits that are general
- 3.) Determination of the relative special benefit within different areas within the District
- 4.) Determination of the relative special benefit per property type
- 5.) Calculation of the specific assessment for each individual parcel based upon special vs. general benefit; location, property type, property characteristics, improvements on property and other supporting attributes

### SPECIAL BENEFIT FACTORS

The following benefit categories summarize the types of special benefit to residential, commercial, industrial and other lots and parcels resulting from the services and improvements to be provided with the assessment proceeds. These categories of special benefit are derived from the statutes passed by the California Legislature and other studies which describe the types of special benefit received by property from services and improvements such as those proposed by the City of San Diego Downtown Property & Business Improvement District.

In fact, the determination of special benefits to property in downtown areas from the PBID assessments is well established by the State Legislature:

*The Legislature finds and declares all of the following:*

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

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

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

*(d) Assessments levied for the purpose of providing improvements and promoting activities that benefit real property are not taxes for the general benefit of a city, but are assessments for the improvements and activities which confer special benefits upon the real property for which the improvement and activities are provided<sup>2</sup>.*

These types of special benefit are summarized as follows:

- Improved cleanliness and maintenance of sidewalks used to access property in the District
- Removal of litter and debris from sidewalks and other public facilities for the direct advantage of property in the District
- Protection and improvement of views, scenery and other permanent public facility resource values for property in the District
- Increased economic opportunity, creation of jobs and enhanced business, residential and commercial activity on property in the District
- Enhanced safety of property in the District and reduced liability risk
- Improved illumination of property in the District
- Improved access to property in the District due to cleaner, safer sidewalks and improved lighting

Only the specific properties which directly receive the Services are included in the District. The Services funded by the assessments provide many direct and distinct advantages to property in the District that are not enjoyed by the public at large or property outside the District, such as improved safety, access, illumination, cleanliness, usability and economic activity. Moreover, the Services are specifically designed to serve local properties in the District, not other properties or the public at large. The public at large and other properties outside the District receive only minimal advantages from the Services because the Services are not provided outside the District, or on the public sidewalks bordering property outside the District. Therefore, property in the District enjoys the direct advantages from the Services that the public at large and property outside the District do not share. These Services are of special benefit to properties located within the District because they provide a direct advantage to properties in the District that would not be provided in absence of the Assessments.

## GENERAL VERSUS SPECIAL BENEFIT

The proceeds from the PBID will be used to fund activities, services, improvements within the PBID that, in absence of the PBID, otherwise would not be provided. Properties in the PBID directly and specifically benefit from the Services, while properties outside the PBID do not receive the benefit of the Services funded by the PBID. Therefore, the assessments provide special benefit to property in the various Districts over and above the general benefits conferred by the general facilities of the City, and the Services funded by the PBID are determined to be exclusively of distinct and special benefit to properties in the PBID. The State Legislature has made a similar finding as shown previously: *“Assessments levied for the purpose of providing improvements and promoting activities that benefit real property or businesses are not taxes for the general benefit of a city, but are assessments for the improvements and activities which confer special benefits upon the real property or businesses for which the improvements and activities are provided<sup>3</sup>.”*

The City provides the PBID with services, resources and contributions including, but not limited to street sweeping, landscape/tree maintenance (from the Gas Tax Fund), roadway and stormdrain improvement and maintenance, regular trash removal, graffiti removal, parks maintenance and improvement, street lighting, and security, traffic controls and public signage, street medians, public safety and other public services and improvements. Many of these City Services are considered to be incremental services for which the City could charge additional fees or could choose to provide at a reduced level. These City Services and contributions are considered to be a contribution towards property in the PBID and any potential general benefits from the Services. In addition, properties owned by the City and the City Redevelopment Agency in the PBID area are assessed and contribute over \$450,000 per year in additional funding for the PBID Services. This is another form of City contribution for any general benefits. In summary, the Services funded by the PBID are determined to be of special benefit to properties in the PBID. Any general benefits from the Services are determined to be minimal and are more than offset by the significant other services and contributions the City provides to property in the PBID.

## ZONES OF BENEFIT

PBID services are provided and budgeted within five areas or zones of benefit. These zones are depicted on the PBID boundary and zones map and are summarized as follows:

- Core/Columbia

- Cortez
- Gaslamp Quarter
- East Village
- Marina

#### **ASSESSMENT APPORTIONMENT**

In preparing the previous Assessment Engineer's Report for the Downtown Maintenance Assessment District, the Engineers concluded that the special benefit to each parcel is proportional to the linear street frontage of each parcel plus the area of the parcel and/or the square footage of the improvements constructed upon the parcel.

The special benefits derived from the Services funded by the assessments are conferred on property and are not based on a specific property owner's use and/or enjoyment of the Services. However, it is ultimately people who value the special benefits described in this Report. Further, it is ultimately people who control property values by placing a value on the special benefits from the Services. In other words, the benefits conferred to property are related to the average number of people who could potentially live on, work at, or otherwise could use a property, not how the property is currently used by the present owner. Therefore, the number of people who could or potentially live on, work at or otherwise use a property is an indicator of the relative level of special benefit received by a property. Building size/parcel area and linear frontage are directly correlated with the population density and current or potential usage of property. Therefore, the Services are reasonably related to building size and linear frontage because these factors reflect the relative population density and use of properties.

This apportionment of costs recognizes the relationship between the amount of maintenance work required on those parcels with large frontages relative to smaller frontages, and therefore levies a proportionally greater assessment on those parcels with a greater frontage than on parcels with a lesser frontage. Recognizing the impacts which those parcels with extensive improvements (and higher occupancy/use) place on the district, a portion of the assessment has based upon building square footage or parcel area, whichever is greater, since those parcels with extensive improvements receive a greater benefit from the enhanced maintenance services funded by the assessment.

Since the special benefits from an improved, better maintained and safer downtown more highly correlated with building size (and occupant capacities) than the street frontage being maintained; placing greater weight on buildings as opposed to linear frontage is reasonable. Therefore, 60% of the assessments are allocated based on building area and 40% are allocated based on street frontage.

We find that this apportionment approach reasonably allocates the assessments based on the special benefit received by each parcel. Therefore, assessments have been apportioned to each benefiting parcel within each zone utilizing an assessment apportionment methodology consistent with the year 2000 PBID assessments. The renewal year assessments and cost of Services are allocated based on the following schedule:

- Forty percent (40%) of the total amount assessed apportioned to each parcel within a zone based upon linear feet of street frontage; and
- Sixty percent (60 %) of the total amount assessed spread to each parcel within a zone based upon the parcel's area or building square footage, whichever is greater.

This methodology is deemed to be appropriated for the maintenance and lighting services and the public safety services to be funded in the PBID.

An assessment has been levied upon each publicly owned parcel in the same manner as privately owned property. Each publicly owned parcel, except parks or designated open space area, has been assessed on the same basis as other parcels within the District.

Assessments are apportioned within each Zone based on a formula that includes the specific estimated costs for the Zone, the linear footage of each parcel fronting the improvements and a square footage factor for the parcel which is the greater of the lot area or the building area on the lot multiplied times the relevant rates for each Zone.

**CERTIFICATES**

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1. The undersigned respectfully submits the enclosed Engineer's Report Management Plan and does hereby certify that this Engineer's Report, and the Assessment and Assessment Diagram herein, have been prepared by me in accordance with the order of the City Council of the City of San Diego.

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Engineer of Work, License No. C052091

2. I, the Clerk of the City Council, City of San Diego, County of San Diego, California, hereby certify that the enclosed Engineer's Report and Management Plan, together with the Assessment and Assessment Diagram thereto attached, was filed and recorded with me on \_\_\_\_\_, 2009.

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Clerk of the City Council

3. I, the City Clerk of the City Council, City of San Diego, County of San Diego, California, hereby certify that the assessments in this Engineer's Report, was approved and confirmed by the City Council on \_\_\_\_\_, 2009 by resolution number \_\_\_\_\_.

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Clerk of the City Council

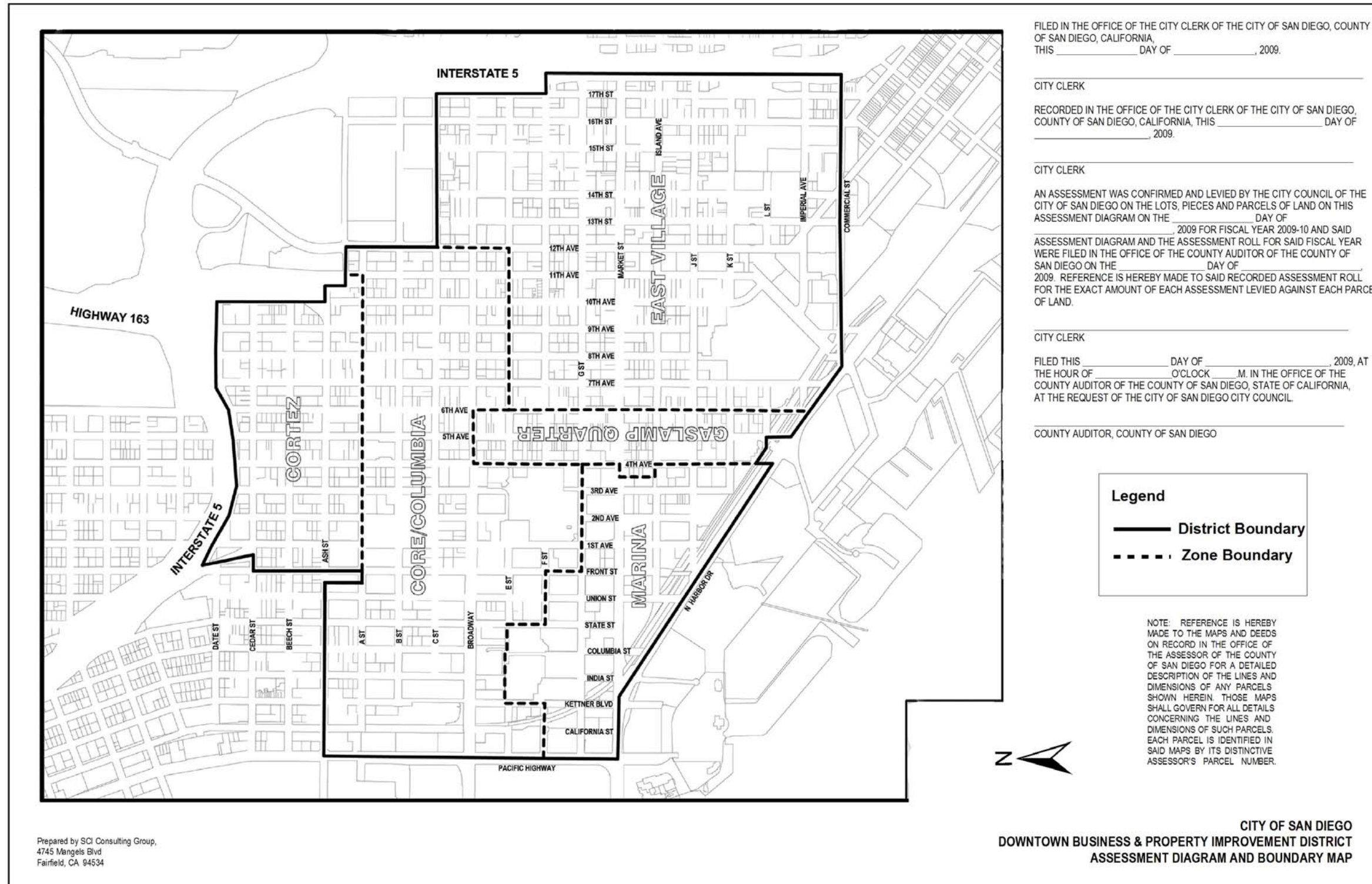
## APPEALS AND INTERPRETATIONS

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Any property owner who feels that the assessment levied on the subject property is in error as a result of incorrect information being used to apply the foregoing method of assessment, may file a written appeal with the Engineer of Work for the PBID or MAD assessments (the "Assessment Engineer"). Any such appeal is limited to correction of an assessment during the then current or, if before July 1, the upcoming fiscal year. Upon the filing of any such appeal, the Assessment Engineer or his or her designee will promptly review the appeal and any information provided by the property owner. If the Assessment Engineer or his or her designee finds that the assessment should be modified, the appropriate changes shall be made to the assessment roll. If any such changes are approved after the assessment roll has been filed with the County for collection, the City of San Diego or its designee is authorized to refund to the property owner the amount of any approved reduction. Any property owner, who disagrees with the decision of the Assessment Engineer or her or his designee, may refer their appeal to the Project Manager of the City of San Diego City Planning and Community Investment Department (the "Project Manager") or his or her designee and the decision of the Project Manager shall be final.

ASSESSMENT DIAGRAM

Figure 5 - Assessment Diagram



## PROPERTY AND BUSINESS IMPROVEMENT DISTRICT MANAGEMENT COMMITTEE

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The Management Committee is proposed as a 15 member committee of the Downtown San Diego Partnership (to manage and administer the PBID).

Members of the committee shall be appointed by the Chair of the Partnership and shall include the President of the Partnership and 2 members at large. The remaining 12 members shall be allocated commensurate with the overall financial contribution to the PBID from each zone composed of property and business owners. Members should be sought with a mix of business and property segments. At least one member must be a business licensee who is not a property owner. Based upon the current PBID budget, Positions should be allocated as follows:

**Figure 6 - District Management Committee**

<i>Area</i>	<i>% of Budget</i>	<i>Members</i>
East Village	28%	3 members
Gaslamp Quarter	17%	2 members
Core/Columbia	32%	4 members
Cortez	10%	1 members
Marina	13%	2 members
	100%	

Each committee member will serve for a two year term; except that for the calendar year beginning January 1, 2002, the Partnership Chair shall appoint 7 members for a one year term and 7 members for a two year term. Positions allocated to each zone shall be adjusted every two years, proportionate to the overall financial contributions to the PBID from each zone.

The Chair of the Partnership shall appoint the Chair of the PBID Management Committee. This committee Chair shall be a committee member holding a position allocated to a zone and be a member of the Board of Directors of the Partnership.

The Chair of the Partnership may appoint agency or association representatives as ex officio members of the committee.

## PROPOSED BOARD DELEGATION TO THE PROPERTY AND BUSINESS IMPROVEMENT DISTRICT MANAGEMENT COMMITTEE

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Powers to be delegated to the Property and Business Improvement District Management Committee:

1. Provide direction to staff regarding operational issues of the Property and Business Improvement District Program, with meetings to be held no less frequently than once each month.
2. Oversee all personnel issues of the Property and Business Improvement District staff excepting there from:
3. The replacement of the Property and Business Improvement District Executive Director to be reserved for decision by the President (subject to approval of the Partnership Chair).
4. Implementation of any employee benefits programs to be reserved for decision by the Partnership Board of Directors.
5. Recommend to the Partnership Board an annual budget and exercise control over all expenditures of the Property and Business Improvement District Program to stay within the approved budget.
6. Assure compliance with the Operating Agreement between the City and Partnership and take all necessary action in that regard.
7. Comply with the Brown Act and other applicable state law requirements for all Property and Business Improvement District deliberations.
8. Report at least quarterly to the Board of Directors on the status of the Property and Business Improvement District operations and regarding all significant decisions.

Powers reserved to the Board of Directors and Chair of the Board:

1. Approval of annual report to the City Council and Program Budget (Board).
2. Any Modification, renewal, or amendment to the Operating Agreement with the City (Board).
3. Any change in the position or duties of the Property and Business Improvement District Executive Director (Board).
4. Appointment of a Partnership Board member as Chair of the Property and Business Improvement District Management Committee and other members of the Committee (Chair of the Board).

5. Determination of the size and make-up of the Property and Business Improvement District Management Committee (Board).
6. Review of any issues the Partnership Chair determines should be brought to the Board of Directors for decision.
7. Approval of any proposed expenditure that will result in any material deviation from the approved annual program budget.

## APPENDICES

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### APPENDIX A – ASSESSMENT ROLL, FY 2009-10

The undersigned, pursuant to the "Property and Business Improvement District Law of 1994" (being Part 7 of Division 18 of the California Streets and Highways Code), applicable provisions of "Proposition 218" (Article XIII D of the California Constitution), and the "Proposition 218 Omnibus Implementation Act" (California Senate Bill 919) (the aforementioned provisions are hereinafter referred to collectively as "Assessment Law"), does hereby submit the following:

1. Pursuant to the provisions of Assessment Law and the Resolution of Intention, we have assessed the costs and expenses of the works of improvement (maintenance) to be performed in the PBID upon the parcels of land in the PBID in accordance with the approved apportionment methodology. For particulars as to the identification of said parcels, reference is made to the Assessment Diagram and Boundary Map on file in the Maintenance Assessment Districts section of the Park and Recreation Department of the City of San Diego. The PBID boundary and zones are depicted in the Assessment Engineer's Report.
2. The Assessment Diagram included in this report shows the PBID, as well as the boundaries and dimensions of the respective parcels and subdivisions of land within the PBID, the same as existed at the time of the passage of the Resolution of Intention, each of which subdivisions of land or parcels or lots respectively have been given a separate number upon the Assessment Diagram and in the Assessment Roll
3. By virtue of the authority contained in said Assessment Law, and by further direction and order of the legislative body, we hereby make the following assessment to cover the costs and expenses of the works of improvement (maintenance) for the PBID based on the costs and expenses as set forth in the Assessment Engineer's Report.

For particulars as to the individual assessments and their descriptions, reference is made to the Assessment Roll on file with the City.

DATED: \_\_\_\_\_, 2009      SCI Consulting Group

By: \_\_\_\_\_  
John W. Bliss, License No. C052091

## END NOTES

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<sup>1</sup> The purpose and formational framework of the year 2000 PBID are set forth in the Management Plan for the Downtown San Diego Property-Based Business Improvement District (dated June 1999) prepared by Progressive Urban Management Associates, Inc. and Hormann & Associates.

<sup>2</sup> Property and Business Improvement District Law of 1994, Streets and Highways Code Section 36600, et. seq.

<sup>3</sup> Property and Business Improvement District Law of 1994, Streets and Highways Code Section 36601(d)