

# Downtown Chico

## Property Based Business Improvement District

# Management District Plan



City of Chico, California

May 25, 2022

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*

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

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**ATTACHMENTS**

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## SECTION 1: EXECUTIVE SUMMARY

The Downtown Chico Property-Based Business Improvement District ("PBID") was first established in 2017, and property owners now desire to renew it for an additional 5-year term. Developed by the renewal steering committee consisting of several property owners in the district, the PBID Management District Plan ("MDP") responds to today's market opportunities, district challenges, future developments, and the evolving needs of the downtown community.

The District will continue to provide improvements and activities, with an emphasis on clean and safe activities. Each of the activities is designed to meet the goals of the District; to improve the appearance and safety of the District, to increase building occupancy and lease rates, to encourage new business development and attract ancillary businesses and services. As described in the Management District Plan, it is proposed that the PBID will continue to provide funding for enhanced maintenance, safety, and beautification programs, above and beyond those provided by the City of Chico.

### *Summary Management 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 renewed for a 5-year term. Upon receipt of petitions signed by property owners representing greater than 50% of the PBID budget, the City will initiate a ballot procedure to officially renew 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.

<b>Location</b>	The District encompasses approximately 45 whole and partial blocks in the commercial core of Downtown Chico. Based on varying levels of PBID services the District is allocated into two benefit zones. (See Section 2)
<b>Services and Activities</b>	<p>The PBID will finance services that will enhance the environment and experience within the downtown for property owners, businesses, residents, employees, and visitors, that may include:</p> <p><b><u>Environment:</u></b></p> <ul style="list-style-type: none"><li>• <b>Safety and Stewardship Ambassadors</b> that support law enforcement, property owners and businesses in overall crime prevention efforts while providing concierge service to downtown customers, residents and employees.</li><li>• <b>Homeless Outreach</b> to address disruptive behaviors that compound maintenance issues and create an intimidating street atmosphere.</li><li>• <b>Cleaning Team</b> 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>• <b>Beautification</b> such as installing and operating streetscape furniture, bike racks, tree lighting, information kiosks, holiday décor, and wayfinding signage.</li></ul>



	<p><b><u>Economic Vitality:</u></b></p> <ul style="list-style-type: none"><li>• Advocate on downtown policy issues that will improve the downtown business environment generally, and also address the interests of property owners specifically.</li><li>• Provide information and services aimed to assist property owners in recruitment and retention of businesses, website management, social media.</li></ul> <p><b><u>Administration:</u></b></p> <ul style="list-style-type: none"><li>• Provide daily management to carry out the day-to-day PBID operations.</li></ul>																																					
Budget	<table><tr><th>EXPENDITURES</th><th>BUDGET</th><th>% of Budget</th></tr><tr><td>Environment: Clean and Safe</td><td>\$455,000</td><td>91.00%</td></tr><tr><td>Economic Vitality</td><td>\$15,000</td><td>3.00%</td></tr><tr><td>Administration</td><td>\$30,000</td><td>6.00%</td></tr><tr><td><b>Total Expenditures</b></td><td><b>\$500,000</b></td><td><b>100.00%</b></td></tr><tr><th>REVENUES</th><td></td><td></td></tr><tr><td>Assessment Revenues</td><td>\$479,298</td><td>95.86%</td></tr><tr><td>Other Revenues (1)</td><td>\$20,703</td><td>4.14%</td></tr><tr><td><b>Total Revenues</b></td><td><b>\$500,000</b></td><td><b>100.00%</b></td></tr></table>			EXPENDITURES	BUDGET	% of Budget	Environment: Clean and Safe	\$455,000	91.00%	Economic Vitality	\$15,000	3.00%	Administration	\$30,000	6.00%	<b>Total Expenditures</b>	<b>\$500,000</b>	<b>100.00%</b>	REVENUES			Assessment Revenues	\$479,298	95.86%	Other Revenues (1)	\$20,703	4.14%	<b>Total Revenues</b>	<b>\$500,000</b>	<b>100.00%</b>								
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Method of Financing	Levy of assessments upon real property that benefit from the PBID improvements and activities.																																					
Assessments	<p>Annual assessments are based upon an allocation of program costs and a calculation of lot square footage plus first floor building square footage as well as upper floor building square footage. The first-year assessment rates per foot for each land use type and benefit zone are as follows:</p> <table><tr><th>Zone</th><th>Land Use Type</th><th>Lot</th><th>First Floor</th><th>Upper Floors</th></tr><tr><td>A:</td><td>All Uses except Res/Church</td><td>\$0.14081</td><td>\$0.14081</td><td>\$0.09294</td></tr><tr><td>A:</td><td>Residential</td><td>\$0.09857</td><td>\$0.09857</td><td>\$0.06506</td></tr><tr><td>A:</td><td>Churches</td><td>\$0.05633</td><td>\$0.05633</td><td>\$0.03717</td></tr><tr><td>B:</td><td>All Uses except Res/Church</td><td>\$0.09378</td><td>\$0.09378</td><td>\$0.06190</td></tr><tr><td>B:</td><td>Residential</td><td>\$0.06565</td><td>\$0.06565</td><td>\$0.04333</td></tr><tr><td>B:</td><td>Churches</td><td>\$0.03751</td><td>\$0.03751</td><td>\$0.02476</td></tr></table>			Zone	Land Use Type	Lot	First Floor	Upper Floors	A:	All Uses except Res/Church	\$0.14081	\$0.14081	\$0.09294	A:	Residential	\$0.09857	\$0.09857	\$0.06506	A:	Churches	\$0.05633	\$0.05633	\$0.03717	B:	All Uses except Res/Church	\$0.09378	\$0.09378	\$0.06190	B:	Residential	\$0.06565	\$0.06565	\$0.04333	B:	Churches	\$0.03751	\$0.03751	\$0.02476
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Cap	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 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 of Chico has established and documented the base level of pre-existing City services. The PBID will not replace any pre-existing general City services.
<b>Collection</b>	PBID assessments appear as a separate line item on the annual Butte 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 ("Board") which shall be voted on by the property owners. The Board will determine PBID annual services and budgets.
<b>District Creation</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 \$479,298</b> to be assessed). Petitions are submitted to the City, 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 renewal.
<b>Duration</b>	The district will have a 5-year term from January 1, 2023, through December 31, 2027. Any subsequent renewal of the PBID will require a new Management District Plan, petition and ballot process.

## SECTION 2: PBID BOUNDARY

### ***PBID Boundary***

The District encompasses approximately 45 whole and partial blocks in the commercial core of Downtown Chico.

Specifically, the district boundary includes all parcels as follows:

- All parcels in the blocks bounded by East and West 2<sup>nd</sup> Street, Normal Avenue, East and West 9<sup>th</sup> Street and Flume Street.
- All half-block parcels on the north side of Flume Street between East 2<sup>nd</sup> Street and East 7<sup>th</sup> Street.
- All parcels in the blocks bounded by East and West 1<sup>st</sup> Street, Salem Street, East and West 2<sup>nd</sup> Street and Flume Street.
- All parcels on the north side of East 1<sup>st</sup> Street from Main Street to Vallombrosa Avenue and Lost Park.

### ***Benefit Zones***

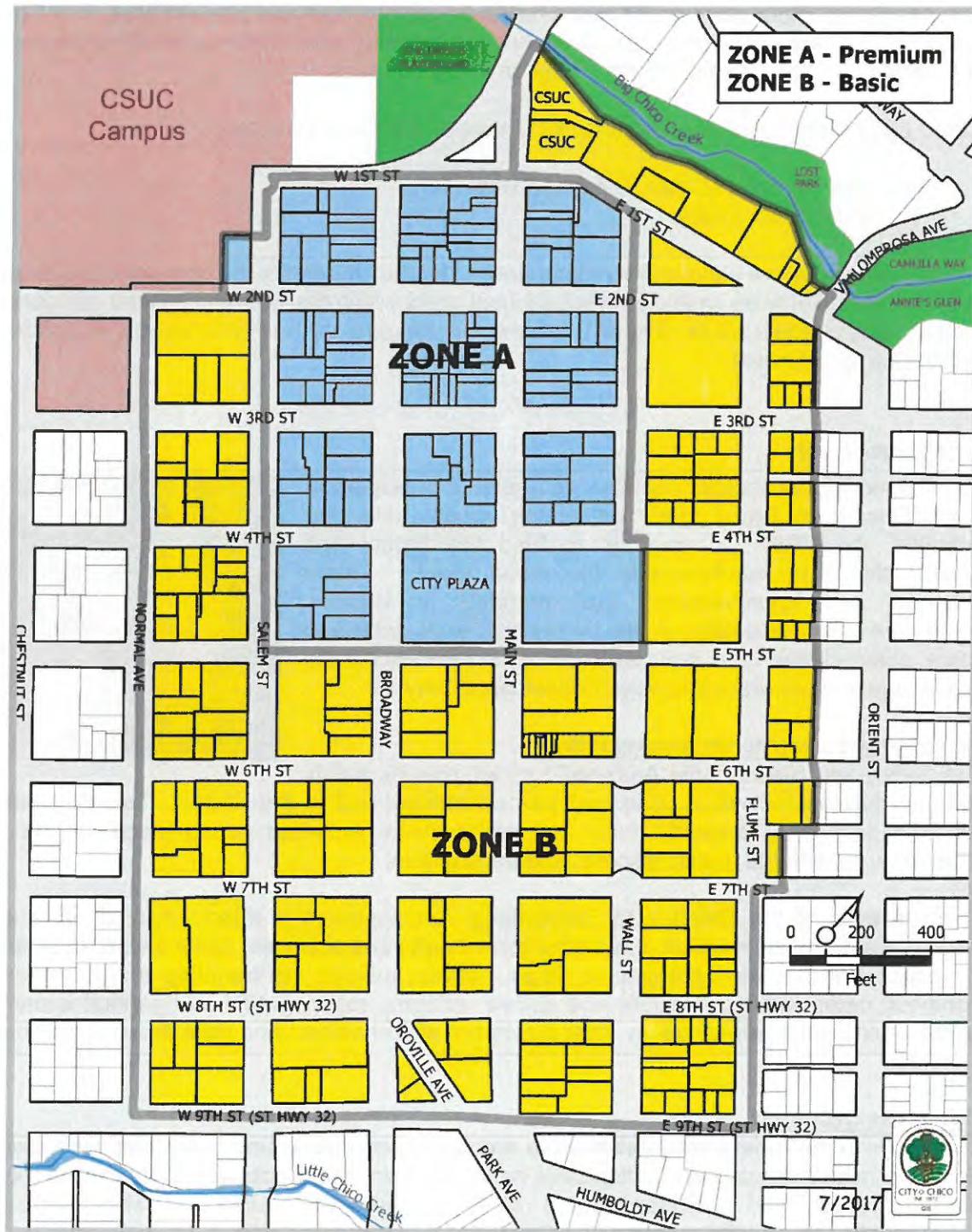
**Zone A:** Zone A contains the highest density of buildings as well as the largest number of commercial and retail businesses and office buildings. This accounts for the highest pedestrian activity in the PBID which creates the conditions requiring a greater amount of clean and safe services within the PBID, such as dirty sidewalks, the presence of graffiti, and the need to provide ambassador assistance. The service plan anticipates that service deployment frequencies within the premium service zone will be higher than those in the Zone B – from the number of the Safety and Stewardship Ambassadors to the frequency of sidewalk cleaning.

**Zone B:** The basic service zone within the PBID has less pedestrian activity compared to the Zone A due to lower building density, fewer retail and commercial businesses. Accordingly, the lower level of pedestrian activity results in a reduced need for clean and safe services. Service frequencies within the basic service zone are in direct correlation to reduced pedestrian traffic and service needs and are expected to be about two-thirds the frequency of services in Zone A.

The PBID boundary is illustrated by the map on the following page.



## Downtown Chico PBID Boundaries





## SECTION 3: PBID ACTIVITY AND IMPROVEMENT PLAN

### ***Background and Feasibility***

The initial 2017 PBID was created with a narrow focus on clean and safe services. The Downtown Chico renewal steering committee, composed of property owners and interested parties, wants to continue the PBID with more emphasis on these activities.

Based upon these recommendations the renewed PBID will continue its focus on:

- ◆ Environment (Clean, Safe, and Beautiful)
- ◆ Economic Vitality

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

### ***Environment***

To respond to stakeholder priorities and guiding principles to make Downtown Chico more welcoming, clean, safe and beautiful, the PBID will continue to fund the Safety and Stewardship Ambassadors and the clean team. These activities and improvements are intended to improve commerce and the quality of life by making each assessed parcel safer, cleaner and more attractive which will encourage investment and generate additional pedestrian activity.



### **Safety and Stewardship Ambassadors**

The Safety and Stewardship Ambassadors will provide safety services for the individual assessed parcels located within the District. The purpose of the Ambassadors is to prevent, deter and report illegal activities taking place on the streets, sidewalks, storefronts, public spaces, and parking lots.

The presence of the Safety and Stewardship Ambassadors is intended to: direct and assist visitors; distribute information about downtown events and activities; serve as the "eyes and ears" for police and act as witnesses to illegal activity; monitor panhandling and other antisocial behavior; deter drinking in public and curfew violators; report graffiti and general maintenance; serve as communications link to other downtown stakeholders; and refer those in need to social services.

### **Homeless Outreach:**

In addition to the Safety and Stewardship Ambassadors, addressing those that are experiencing homelessness and addressing disruptive behaviors from street populations is another top priority among property and business owners, citing concerns with nuisance crimes, compounding maintenance issues, and creating an intimidating street atmosphere.

To assist those experiencing homelessness, the PBID Owners' Association may fund an approach that enhances the resources already provided by the business community, City, County



of Butte ("County"), and social service agencies. Elements of this initiative that may be supported by PBID assessments may include trained Navigators to address issues of concern that require more nuance. This may include connecting homeless individuals with local community service programs and facilitating access to care, social services, and housing. The Navigators would assist in connecting street populations to appropriate services. The Navigators would supplement, not replace, other ongoing social services provided by the City, County, or social service agencies.

#### **Clean Team Program:**

The other top priority for Downtown Chico owners continues to be enhanced maintenance efforts. In order to deal with cleaning issues, a Clean Team program will be provided that has a multi-dimensional approach that may consist of the following elements.

**Sidewalk Maintenance:** Uniformed, radio-equipped personnel sweep litter, debris, and refuse from sidewalks, and gutters, as well as public spaces of the District, and clean sidewalk hardscape such as trash receptacles, benches, and parking meters. The PBID will also utilize an ATLV Ride-On Vacuum Sweeper to more efficiently sweep and clean sidewalks.



**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 District.

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

**Sidewalk Pressure Washing:** Pressure wash 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.

The proposed PBID work program for the Stewardship Ambassadors and Clean Team may provide deployment at the following frequencies:

<b>SAFETY AND STEWARDSHIP AMBASSADORS</b>	
Daytime Ambassadors	12 hours daily
Nighttime Ambassadors	10 hours daily
<b>CLEAN TEAM</b>	
Coverage	6 days/week – 16 hrs/day
Pan & Broom litter removal	Daily
ATLV sweeping and sidewalk cleaning	As Needed
Trash collection	Daily
Graffiti removal	Daily as needed
Pressure washing	As needed
Landscape maintenance	Daily as needed

### **Beautification**

In addition to clean and safe services, the PBID budget may include 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:

- Directional/wayfinding signage or themed signage
- 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 or tree lighting
- 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**

The PBID will provide market information on downtown and will establish a variety of key downtown economic metrics to be researched, packaged and maintained over time. PBID staff will work with property owners, real estate professionals, and City staff to coordinate and leverage business retention and attraction efforts. The PBID will also advocate and support broad property owner interests on a range of downtown policy issues. Some of the Economic Vitality activities may include:

- Planning Activities
- Maintain Database (Property, Business, Contact)
- Retail & Office Recruitment/Retention Program with DCBA or Chamber
- Research/Studies/Data Collection
- Social Media Advertising
- Website
- Meetings & Workshops
- Monthly Report

### **Administration**

The PBID supports a professional staff person that advocates on behalf of the district. The PBID allows property owners to project a unified voice and elevate their influence in policies and issues that affect the central business district. Funds are allocated to office and support services such as bookkeeping, office rent, insurance, office equipment training PBID's Owners' Association staff person.



## SECTION 4: PBID ASSESSMENT BUDGET

### 2022 PBID Assessment Budget

The following table outlines the PBID maximum assessment budget for 2022.

EXPENDITURES	BUDGET	% of Budget
Environment: Clean and Safe	\$455,000	91.00%
Economic Vitality	\$15,000	3.00%
Administration	\$30,000	6.00%
<b>Total Expenditures</b>	<b>\$500,000</b>	<b>100.00%</b>
REVENUES		
Assessment Revenues	\$479,298	95.86%
Other Revenues (1)	\$20,703	4.14%
<b>Total Revenues</b>	<b>\$500,000</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 renewal 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 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 renewal term based on the Year 1 of inventory of development and adjusting it by the maximum 5% increase. In subsequent years, the addition of new development will add assessable square footage that will likely increase the PBID budget to account for the additional services needed.

	Environment	Economic	Administration	Total
Year 1	\$455,000	\$15,000	\$30,000	\$500,000
Year 2	\$477,750	\$15,750	\$31,500	\$525,000
Year 3	\$501,638	\$16,538	\$33,075	\$551,250
Year 4	\$526,719	\$17,364	\$34,729	\$578,813
Year 5	\$553,055	\$18,233	\$36,465	\$607,753

Any accrued interest or delinquent payments will be expended in the above categories.

The cost of PBID services 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 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 budget will be adjusted accordingly consistent with the MDP 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 and City policies. 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: PUBLIC SECTOR PARTICIPATION

### *Existing City Services*

The City Council, by adopting this plan, will confirm its intention to ensure an existing level of services in the district equivalent to the level that is being provided elsewhere in the City. Assessment funds will pay for services that are above and beyond those services provided by the City.

### *Rationale for Public Property Assessments*

Proposition 218 states that no parcel is exempt from assessments if that parcel receives benefit from the improvements and activities. This includes government and public use parcels. The City of Chico and any other government owned parcels within the PBID boundary will pay their assessment based on the special benefits conferred to those parcels. All publicly owned parcels specially benefit from the PBID activities as they make each assessed parcel cleaner, safer, more attractive, and economically vibrant. Specifically, these parcels specially benefit from: removing graffiti from their buildings, patrolling their sidewalks, connecting the homeless to available resources, cleaning up any debris or trash, power-washing the sidewalks and public spaces, beautifying the public right-of-ways, and increased business development.

Therefore, government uses are assessed for the special benefits they receive from the PBID activities. The assessment methodology to allocate the cost of these improvements is consistent with all other land uses in the district: parcel square footage, first floor building square footage plus upper floor building square footage. Please see Section 6: Assessment Methodology for further discussion. The publicly owned parcels within the PBID boundary and their respective assessments are indicated below.

APN	LEGAL OWNER	PARCEL ASSMT	SUBTOTAL
003-190-032	City Of Chico	\$6,577.11	
004-052-009	City Of Chico	\$1,165.44	
004-052-010	City Of Chico	\$1,226.77	
004-052-012	City Of Chico	\$245.35	
004-061-008	City Of Chico	\$3,145.57	
004-092-011	City Of Chico	\$6,536.26	
004-132-001	City Of Chico	\$1,410.79	
004-132-002	City Of Chico	\$1,042.76	
004-132-007	City Of Chico	\$797.40	
004-132-008	City Of Chico	\$1,165.44	
004-132-009	City Of Chico	\$490.71	
004-141-007	City Of Chico	\$1,715.77	
004-160-010	City Of Chico	\$9,814.20	
004-160-014	City Of Chico	\$21,860.59	
004-174-013	City Of Chico	\$6,536.26	
004-221-003	City Of Chico	\$1,896.15	
004-284-005	City Of Chico	\$1,990.81	
004-284-006	City Of Chico	\$1,225.55	
004-381-001	City Of Chico	\$1,707.96	
004-381-002	City Of Chico	\$408.52	

APN	LEGAL OWNER	PARCEL ASSMT	SUBTOTAL
004-381-011	City Of Chico	\$817.03	
004-381-012	City Of Chico	\$709.18	
004-381-013	City Of Chico	\$702.81	
004-381-018	City Of Chico	\$4,353.15	<b>\$77,541.57</b>
003-190-033	CSU Chico Foundation	\$2,845.56	
003-190-034	CSU Chico Foundation	\$2,878.12	<b>\$5,723.68</b>
004-232-001	State Of California	\$571.92	
004-232-005	State Of California	\$2,499.21	
004-232-006	State Of California	\$408.52	
004-232-007	State Of California	\$408.52	<b>\$3,888.16</b>
<b>TOTAL:</b>			<b>\$87,153.42</b>



## SECTION 6: 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*

The method used to determine proportional special benefits are measured by each parcel's lot square footage, first floor building square footage, plus the upper floor building square footage. Each parcel's proportional lot size, first floor building square footage and upper floor building square footage represents each parcel's proportional special benefit compared to other parcels within in respective benefit zone. These factors are an equitable way to identify the proportional special benefit that each of the parcels receive. Lot square footage is relevant to the best use of a property and will reflect the long-term special benefit implications of the improvement district. First floor and Upper floor building square footage is relevant to the interim use of a property and is utilized to measure short and mid-term impacts. Together, these factors serve as the basic unit of measure to calculate how much special benefit each parcel receives in relationship to other parcels in the PBID, which is the basis to then proportionately allocate the cost of the special benefits.

**Lot square footage** is defined as the total amount of area within the borders of the parcel. The borders of a parcel are defined on the County Assessor parcel maps.

**First floor building square footage** is defined as the first-floor gross building square footage as determined by the outside measurements of a building.

**Upper floor building square footage** is defined as the remaining gross building square footage less the first floor building square footage as determined by the outside measurements of a building. The PBID activities are primarily provided at the street level and thus allocating the greatest special benefit to the lot and first floor of a building. The upper floors of a building also benefit from the PBID activities but since they are not on the ground floor and do not receive the direct benefit, the upper floors are assessed at 66% of the ground floor to acknowledge their diminished special benefit.

Each one of these factors represents the benefit units allocated to each specially benefitted parcel. The total number of assessable benefit units per land use type and benefit zone in the PBID are as follows:

Land Use	Benefit Units
<b>PREMIUM ZONE A</b>	
All Uses except Residential and Church	1,534,175
Residential	0
Churches	0
<b>Subtotal Zone A</b>	<b>1,534,175</b>
<b>STANDARD ZONE B</b>	
All Uses except Residential and Church	1,844,864
Residential	5,074
Churches	19,640
<b>Subtotal Zone B</b>	<b>1,869,578</b>
<b>TOTALS</b>	<b>3,403,754</b>

### ***Property Use Considerations***

The methodology provides the following treatments for property used exclusively for single family owner occupied, church, and non-profit uses:

**Treatment of Single Family Owner-Occupied Residential Property:** Proposition 218 states that no parcel is exempt from assessments if that parcel receives benefit from the improvements and activities, this includes single family owner-occupied residential use parcels. Single family owner-occupied residential uses will benefit from the all the PBID activities but not to the same degree as all other land uses. To account for the diminished special benefit, single family owner-occupied residential parcels will be assessed at 70% of the assessment rate levied against all other land uses. All nonowner-occupied single family residential parcels will be assessed at the same rate as all other land uses as they are rental properties and receive the same special benefits. As of the date of this report, there are 3 single family owner-occupied parcels that will be assessed at 70% of the assessment rate. Those APNS are: 004-422-004, 004-422-005, and 004-422-009.

**Churches:** During the initial PBID formation public hearing on July 5, 2017, the City Council approved the authorizing resolution (Resolution No. 42-17) approving the formation of the PBID and the levy of assessments with an approved motion that reduced the assessment for church parcels by 60%.

**Non-Profit Property:** Certain nonprofit organizations which own properties that are exempt from property tax (e.g., cultural, community services, etc.), will not benefit to the same degree from PBID services and thereby will receive reduced benefits from PBID services. An owner of real property located within the PBID boundaries may reduce their assessment 60% if ALL the following conditions are met:

1. The property owner is a nonprofit corporation that has obtained federal tax exemption under Internal Revenue Code section 501c3 or California franchise tax-exemption under the Revenue and Taxation Code Section 23701d.
2. The class or category of real property has been granted an exemption, in whole or in part, from real property taxation.



3. The nonprofit property owner occupies a majority of building square footage within the subject property.
4. The property owner makes the request in writing to the City prior to the submission of the PBID assessment rolls to the County Assessor (to accommodate periodic changes in ownership or use, on or before July 1 of each year), accompanied by documentation of the tax-exempt status of the property owner and the class or category of real property. Any assessment reduction the City approves will be offset with a City contribution to the PBID equal to the assessment reduction so that the overall PBID budget is not reduced.
5. The City may verify the documentation of tax-exempt status and classification of the property for assessment purposes prior to submitting the assessments to the County Assessor.

## Assessment Methodology

The proportionate special benefit each assessed parcel receives shall be determined in relationship to the entirety of the cost of the PBID services and activities, as noted above. Parcels will be assessed at a rate which is proportionate to the amount of special benefits received from PBID services. Only special benefits are assessable, and these benefits must be separated from any general benefits. As required by the California 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 services and activities that are not: special in nature, "particular and distinct," or over and above the benefits that other parcels receive. The attached Engineer's Report has calculated that 4.14% of the PBID activities is 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).

## Assessment Calculation

The cost of the special benefits received from these services is apportioned in direct relationship to each parcel's use, lot square footage, first floor building square footage, as well as the upper floor building square footage. Each parcel is assigned a proportionate benefit unit for each for each square footage. For Residential parcels, the Benefit Units reflects a 30% reduction, and for Churches a 60% reduction due to the fact that these land uses do not benefit to the same degree as all other land uses, 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. The total number of assessable Benefit Units in the PBID is as follows:

Land Use	Benefit Units
<b>PREMIUM ZONE A</b>	
All Uses except Residential and Church	1,534,175
Residential	0
Churches	0
<b>Subtotal Zone A</b>	<b>1,534,175</b>
<b>STANDARD ZONE B</b>	
All Uses except Residential and Church	1,844,864
Residential	5,074
Churches	19,640
<b>Subtotal Zone B</b>	<b>1,869,578</b>
<b>TOTALS</b>	<b>3,403,754</b>

## **Calculation of Assessments**

Based on the special benefit factors, assessable footages for each variable plus the proposed budget, all of which are discussed above, the following table illustrates the first year's maximum annual assessment per parcel assessable square foot per each zone.

Zone	Land Use Type	Lot	First Floor	Upper Floors
A:	All Uses except Res/Church	\$0.14081	\$0.14081	\$0.09294
A:	Residential	\$0.09857	\$0.09857	\$0.06506
A:	Churches	\$0.05633	\$0.05633	\$0.03717
B:	All Uses except Res/Church	\$0.09378	\$0.09378	\$0.06190
B:	Residential	\$0.06565	\$0.06565	\$0.04333
B:	Churches	\$0.03751	\$0.03751	\$0.02476

Specifically, the assessment rates are calculated as follows:

### **Zone A Assessment Rates:**

Assessment Budget divided by Total Benefit Units

Lot + First Floor SF for all parcels except Res/Churches:  $(\$479,298 / 3,403,754) = \$0.14081$

Lot + First Floor SF for Residential  $(\$0.14081 \times 70\%) = \$0.09857$

Lot + First Floor SF for Churches  $(\$0.14081 \times 40\%) = \$0.05633$

Upper Floor SF for all parcels except Res/Churches:  $(\$0.14081 \times 66\%) = \$0.09294$

Upper Floor SF for Residential  $(\$0.09294 \times 70\%) = \$0.06506$

Upper Floor SF for Churches  $(\$0.09294 \times 40\%) = \$0.03717$

### **Zone B Assessment Rates:**

Assessment Rates from Zone A x 66.6%

Lot + First Floor SF for all parcels except Res/Churches:  $(\$0.14081 \times 66.6\%) = \$0.09378$

Lot + First Floor SF for Residential  $(\$0.09378 \times 70\%) = \$0.06565$

Lot + First Floor SF for Churches  $(\$0.09378 \times 40\%) = \$0.03751$

Upper Floor SF for all parcels except Res/Churches:  $(\$0.09378 \times 66\%) = \$0.06190$

Upper Floor SF for Residential  $(\$0.06190 \times 70\%) = \$0.04333$

Upper Floor SF for Churches  $(\$0.06190 \times 40\%) = \$0.02476$

### **Sample Parcel Assessment**

To calculate the assessment for a 3-story commercial building in Zone A with a 5,000 square foot lot, a 5,000 square foot first floor and 10,000 square feet in 2 upper floors, the calculation is as follows:

Lot square feet (5,000) x \$0.14081 = .....	\$704.05
First floor building square feet (5,000) x \$0.14081 = .....	\$704.05
Upper floor building square feet (10,000) x \$0.09294 = .....	\$929.40
Total Parcel Assessment = .....	\$2,337.50



To calculate the assessment for a 3-story commercial building in Zone B with a 5,000 square foot lot, a 5,000 square foot first floor and 10,000 square feet in 2 upper floors, the calculation is as follows:

Lot square feet (5,000) x \$0.09378 = .....	\$468.90
First floor building square feet (5,000) x \$0.09378 = .....	\$468.90
Upper floor building square feet (10,000) x \$0.06190 = .....	\$619.00
Total Parcel Assessment = .....	\$1,559.80

The assessment calculation is the same for every parcel in the PBID respective of its land use and benefit zone.

## ***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 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.

## ***PBID Guidelines***

### **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 Butte. The Chico City Clerk's Office may direct bill any property owners whose special assessment does not appear on the tax rolls for each year of the PBID 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 Butte. 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 5-year term commencing January 1, 2023, through December 31, 2027. Any major modifications or new or increased assessments during the term of the PBID that are not consistent with the provisions of this Management District Plan will require a new mail ballot process.

### **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), and such change 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 Management District Plan 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 7: 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 District, may elect to 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***

Consistent with business improvement district legislation throughout the nation, California's "Property and Business Improvement District Law of 1994" 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 required by the state of California or the City of Chico.

### **Downtown Chico PBID**

The Downtown Chico PBID, Inc., a California nonprofit organization, may act as the Owner's Association and governing board for the PBID. The role of the Owner's Association is consistent with similar PBIDs and management organizations throughout California and the nation. The Owner's Association determines budgets, assessment adjustments and monitor service delivery. As part of the Management Plan, the nonprofit organization oversees the delivery of day-to-day PBID.

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

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 educational institutions that pay PBID assessments.

Board members are selected through a nominating process that invites all stakeholders to participate. A nominating committee develops an annual slate of board nominations, and nominations are voted on at an annual meeting of PBID ratepayers.



## SECTION 8: IMPLEMENTATION TIMELINE

The Downtown Chico PBID will have a 5-year life from January 1, 2023, to December 31, 2027.

In order for the PBID to meet the start-up date of January 1, 2023, the formation needs to adhere to the following schedule:

Renewal Schedule	Dates
Petitions distributed to property owners	April 2022
Marketing campaign to obtain signed petitions: presentations, neighborhood meetings, 50% weighted vote targeting	April-May
City Council adopts Resolution of Intention	June 7
Assessment ballots mailed to property owners	June 8
City Council holds public hearing and tabulates ballots	August 2

## ATTACHMENT A: ASSESSMENT ROLL

APN	LEGAL OWNER	SITE ADDRESS	PARCEL ASSMT
004-052-004	120 Broadway LLC	120 122 Broadway	\$1,344.38
004-151-003	300 Main Street Chico LLC	119 W 3rd St	\$552.05
004-151-004	300 Main Street Chico LLC	120 W 3rd St	\$3,925.48
004-151-025	300 Main Street Chico LLC	4th & Main	\$2,269.53
004-177-013	505 Wall St LLC	505 Wall St	\$4,699.24
004-221-001	5th & Normal Properties LLC	Sec W 5th St & Normal Ave	\$1,070.43
004-221-002	5th & Normal Properties LLC	331 W 5th St	\$581.09
004-072-010	AEJ Trust	143 Main	\$2,327.55
004-081-021	AEJ Trust	201 Broadway	\$4,283.10
004-082-001	AEJ Trust	201 Main St, 171 & 161 E 2nd St	\$1,615.25
004-151-010	AEJ Trust	325 Broadway	\$1,294.31
004-072-009	AEJ Trust Etal	166 E 2nd	\$1,450.27
004-222-012	American Properties	500 Broadway	\$1,635.79
004-285-001	Andersen Revocable Living Trust	209 & 231 W 8Th St 800-820	\$4,486.49
004-285-004	Andersen Revocable Living Trust	236-244 W 9th St	\$1,087.97
004-231-005	Anderson Andrew R / Tara D Anderson	628 Salem St	\$470.91
004-171-010	Ashley E Estep Revocable Trust	331 Wall St	\$1,019.41
004-284-003	Atkin David	800 Salem St	\$883.90
004-141-010	Bakke & Pirrone Family Trust	445 Normal Ave	\$599.98
004-081-011	Balin Ann	228-232 Main St	\$1,020.34
004-071-017	Ballou Separate Property Trust	148 Main St & 118 W 2td St	\$1,811.79
004-142-008	Bank of America	400 Broadway St	\$6,565.40
004-231-001	Barrett Annette Living Trust	345 W 6th St	\$1,091.49
004-221-006	Barrett Living Trust	324 W 6th St	\$499.99
004-221-008	Barrett Living Trust	529 Normal Ave	\$852.04
004-231-011	Barrett Living Trust	631 Normal Ave	\$961.59
004-175-012	Bathurst Revocable Trust	429 Flume St	\$1,004.69
004-071-002	Behring Family LLC Etal	100-108 Main	\$858.74
004-251-007	Behring Family LLC Etal	630 Main St	\$3,684.37
004-287-002	Bengtson Family Trust	818 Main St	\$1,788.24
004-287-005	Bengtson Family Trust	803 Oroville Ave	\$758.91
004-062-014	Bengtson Kirk	240-248 W 3rd St	\$1,422.54
004-062-016	Bengtson Kirk Etal	239- 243 W 2nd St	\$3,275.55
004-062-024	Bengtson Living Trust	222 W 3rd St	\$609.07
004-081-017	Bengtson Living Trust	243 Broadway	\$1,399.16
004-175-009	Bernedo Patrick & Jill	368 E 5th St	\$278.91
004-242-009	Bidwell Title & Escrow Co	500 Wall St	\$2,111.21
004-082-007	Billson Revocable Trust Etal	247 Main St 164 E 3rd St	\$1,343.88
004-082-008	Billson Revocable Trust Etal	241 Main St	\$1,284.73
004-171-011	Billson, Richard	315 Wall St	\$1,085.32
004-422-004	Bisho Jason	287 E 8th St	\$236.17
004-285-002	Borg Warner Corporation	844 Broadway	\$1,997.85
004-285-003	Borg Warner Corporation	N Side W 9th btw Salem & Brdwy	\$367.66
004-252-011	Boys & Girls Club Of Chico Inc	Lot 3 & Ptn Lot 2 Blk 33	\$2,590.61
004-142-006	Brenchley Christopher Woodworth Trust	441 Salem St	\$1,226.77
004-062-008	Breslauer Manuel Estate	218 Broadway	\$705.99



APN	LEGAL OWNER	SITE ADDRESS	PARCEL ASSMT
004-062-009	Breslauer Manuel Estate	220 228 Broadway	\$1,883.25
004-071-003	Breslauer Manuel Estate	Main St	\$245.35
004-071-004	Breslauer Manuel Estate	Main St	\$736.06
004-071-005	Breslauer Manuel Estate	118 Main St	\$948.53
004-071-006	Breslauer Manuel Estate	124 Main St	\$589.82
004-081-006	Breslauer Manuel Estate	113 W 2nd St	\$278.81
004-081-007	Breslauer Manuel Estate	204 Main St	\$937.45
004-081-014	Breslauer Manuel Estate	122 W 3rd St	\$454.04
004-082-012	Breslauer Manuel Estate	215-217 Main St	\$1,254.66
004-152-008	Breslauer Manuel Estate	325 Main St	\$2,453.55
004-171-005	Breslauer Manuel Estate	316-318 Flume St	\$1,036.95
004-283-003	Breslauer Manuel Estate	W 7th St btw Broadway & Main	\$245.11
004-283-004	Breslauer Manuel Estate	720 Main St	\$2,353.94
004-421-001	Breslauer Manuel Estate	801-809 Main St	\$1,527.13
004-421-002	Breslauer Manuel Estate	(Formerly) 189 E 8th St	\$514.60
004-151-023	Burgers & Brews by Crepeville LLC	301 Broadway	\$2,422.04
004-384-013	Calstate Land Investment Inc	745 Main St	\$1,941.61
004-384-014	Calstate Land Investment Inc	722 Wall St	\$2,898.23
004-384-015	Calstate Land Investment Inc	715 Main St	\$6,223.06
004-175-010	Campos Properties LP	362 E 5th St	\$279.66
004-175-011	Campos Property Limited Partnership	354 E 5th St #100 & #200	\$313.05
004-422-007	Cannon Revocable Trust Etal	820-832 & 832 1/2 Flume St	\$1,266.04
004-072-001	Carr Richard Etal	101 Main	\$1,587.26
004-172-010	Carter Elizabeth Reid	329 Flume St	\$316.19
004-052-011	Celestino Enzo	101 Salem St	\$2,141.90
004-132-006	Chico Diamond Hotel LLC	220 W 4th St	\$4,613.27
003-190-032	City Of Chico	City of Chico Ptn of Lot 1 Blk 127	\$6,577.11
004-052-009	City Of Chico		\$1,165.44
004-052-010	City Of Chico		\$1,226.77
004-052-012	City Of Chico	City of Chico	\$245.35
004-061-008	City Of Chico	349 W 2nd St	\$3,145.57
004-092-011	City Of Chico	All of Block 10 City of Chico	\$6,536.26
004-132-001	City Of Chico		\$1,410.79
004-132-002	City Of Chico		\$1,042.76
004-132-007	City Of Chico	226-230 W 4th St	\$797.40
004-132-008	City Of Chico	City of Chico Parking	\$1,165.44
004-132-009	City Of Chico	City of Chico Parking	\$490.71
004-141-007	City Of Chico		\$1,715.77
004-160-010	City Of Chico	City of Chico	\$9,814.20
004-160-014	City Of Chico	Blk 21 & Ptn Wall St	\$21,860.59
004-174-013	City Of Chico	Block 22 btw E 4th & E 5th Sts	\$6,536.26
004-221-003	City Of Chico	307 W 5th St	\$1,896.15
004-284-005	City Of Chico		\$1,990.81
004-284-006	City Of Chico		\$1,225.55
004-381-001	City Of Chico	601 Wall St	\$1,707.96
004-381-002	City Of Chico	666 Flume St	\$408.52
004-381-011	City Of Chico		\$817.03
004-381-012	City Of Chico	633 Wall St	\$709.18
004-381-013	City Of Chico	625 Wall St	\$702.81



APN	LEGAL OWNER	SITE ADDRESS	PARCEL ASSMT
004-381-018	City Of Chico	297 E 6th St, 600 & 666 Flume St	\$4,353.15
004-081-010	CLD Group LP	218-222 226 Main St	\$1,987.62
004-284-002	Clough Saralyn	331 W 8th St	\$947.95
004-052-002	Coker Revocable Trust Etal	100 Broadway & 215 W 1st St	\$2,394.91
004-132-005	Cook Family Trust	328 To 346 Broadway	\$3,755.42
004-141-008	Cook Family Trust	Off W 5th St @ Normal & Salem	\$81.70
004-141-009	Cook Family Trust	330 W 5th St	\$937.27
004-175-002	Cook Family Trust	369 & 369 1/2 E 4th St	\$1,106.31
004-131-007	Cook-Scott Alisa	330 W 4th St	\$525.01
004-131-012	Cook-Scott Alisa	Normal Ave	\$1,496.17
004-141-011	Cook-Scott Alisa	429 Normal Ave	\$592.46
004-141-012	Cook-Scott Alisa	417 Normal Ave	\$999.44
004-081-016	Corwin David	130 W 3rd St	\$499.38
004-385-011	Crane James Etal	254 E 8th St	\$691.08
004-385-012	Crane James Etal	268 & 274 E 8th St	\$815.91
003-190-033	CSU Chico Foundation	31 & 45 Main St	\$2,845.56
003-190-034	CSU Chico Foundation	25 Main St	\$2,878.12
003-190-017	Deborah A Penner	364 E 1st St	\$531.07
003-190-018	Deborah A Penner	360 E 1st St	\$326.18
004-178-005	DiGiovanni & DiGiovanni LP	527 Flume St	\$920.34
004-178-006	DiGiovanni & DiGiovanni LP	358 E 6th St	\$643.24
004-178-007	DiGiovanni & DiGiovanni LP	360 E 6th St	\$1,195.16
004-178-008	DiGiovanni & DiGiovanni LP	500 Orient St	\$3,776.92
004-172-011	Discovery Shoppe League Inc	315 Flume St	\$555.42
004-072-004	Dolomite Properties LLC	178 & 198 E 2nd	\$3,501.21
004-252-007	Edwards Terri/Puritz Commercial Prop	178-197 E 7th St	\$984.43
004-071-014	Engelbrecht Revocable Trust	119-121 Broadway	\$1,793.75
004-222-006	Erickson Revocable Trust	540 Broadway	\$794.07
004-281-003	Everett Family Living Trust	Pcl 2 Blk 41 City of Chico	\$7,074.80
004-241-005	Fanno Robert Etal	530 Broadway	\$735.33
004-172-009	Femino Stephana Linda Etal	341 Flume St	\$816.57
004-171-004	Flume Group LLC	310 Flume St	\$792.65
004-232-004	Fog Ca Inc.	626 Broadway	\$2,195.35
004-421-009	Fogleman Royce & Darlene	820 Wall St	\$1,042.11
004-231-007	Foos Family Trust	318 W 7th St	\$1,186.92
004-152-005	Geiger Family Trust	180 E 4th St	\$2,086.02
004-152-006	Geiger Family Trust	N Side 4th btw Main & Wall	\$736.06
004-072-006	Ginno Living Trust Etal	127 Main	\$858.32
004-242-019	Gonsalves Stephen & Charlene Greenside Partners Trust / Kobz Christopher	Unit 45 PM 162-14/18	\$237.56
004-131-003	P etal.	300 Salem St	\$1,279.64
004-072-007	Grossman Living Trust	119-121 Main	\$1,658.57
004-382-001	H A Grinnell & Sons Inc	351,361,363,365 E 6th St	\$1,653.44
004-082-016	HAL LLC	E 2nd	\$1,472.13
004-082-014	Hall Thomas & Beatrice	225 Main St	\$5,384.39
004-422-005	Harrington Lori	295 E 8th St	\$261.62
004-382-012	Harris Investment Co LLC	631 635 641 643 647 Flume St	\$985.39
004-062-023	Hart Broadway LLC	246 Broadway	\$2,634.00
004-082-006	Hart Bruce	176-198 E 3rd St & 246 Wall St	\$2,325.13



APN	LEGAL OWNER	SITE ADDRESS	PARCEL ASSMT
004-242-001	Hart Diversified LLC	501-517 Main St	\$4,364.93
004-242-013	Hart Diversified LLC	Main St	\$1,634.06
004-282-001	Hart Michael	703 Salem St	\$1,055.89
004-052-006	Hart Michael Etal	132 & 134 Broadway	\$1,386.01
004-052-007	Hart Michael Etal	138-146 Broadway	\$2,436.15
004-221-009	Henderson Revocable IV Trust	519 Normal Ave	\$732.58
004-151-024	Hutton & Headley Rev Trust	121 - 127 W 3rd	\$1,983.84
004-093-011	J & J Trust, the	217 Flume St	\$1,036.67
004-051-012	JDKK LLC	316 W 2nd St	\$2,439.30
004-151-017	Jennings Nonexempt QTIP Trust	330 Main St	\$1,563.01
004-385-002	Jennings Survivors Trust	707 Wall St	\$1,355.57
004-231-004	Joyce Mikkelson Irrev Trust	618 Salem St	\$1,075.46
004-062-002	JPMorgan Chase Bank	200 Block W 2nd St	\$981.42
004-062-015	JPMorgan Chase Bank	227 Salem St	\$1,226.77
004-062-017	JPMorgan Chase Bank	W 2nd St btw Salem & Broadway	\$368.03
004-062-022	JPMorgan Chase Bank	200 Broadway	\$3,584.75
004-062-024	K B Building	230-234 W 3rd St	\$1,344.55
004-061-006	Kasarjian Michael & Melissa	221 Normal Ave/330 W 3rd St	\$2,550.51
004-231-006	Kirk Bengtson Living Trust	306 W 7th St	\$877.09
004-171-008	Koch Steven & Lynn Compton Etal	270 E 4th St	\$471.95
004-382-002	Lang John & Candace	371 E 6th St	\$485.04
004-284-001	Lange Revocable Trust	343 W 8th St	\$1,041.17
004-152-004	Latimer Dennis M	330 Wall St	\$4,055.31
004-385-004	Lee Wally & Ho Peggy Etal	734 Flume St	\$265.03
004-231-012	Lee Wilton & Rae Lynne Trust	645 Normal Ave #100 & 200	\$1,256.11
004-221-007	Legal Aid of Sacramento	541 Normal Ave	\$933.13
004-141-003	Lewis Family Trust, Jeff & Malinda	319-323 W 4th St	\$715.08
004-231-003	LFL Acquisition Corp	604 Salem St	\$1,116.87
004-421-003	Lomker Jared / Lomker David & Deanna	828 Wall St	\$756.19
004-421-004	Long Scot & Keri	836 Wall St & 178-184-186 E 9th	\$1,538.37
004-071-001	Lucena Partners	127 W 1st St	\$4,470.33
004-422-003	Lynn Matthew/Lynn Deserae	279 E 8th St	\$329.23
004-071-016	M & K Properties	Ptn Lot 4 Blk 3 Chico	\$920.08
004-082-005	M & K Properties	232 Wall St	\$674.73
004-082-009	M & K Properties	231-235 Main St	\$911.41
004-222-007	M & K Properties	542-548 Broadway	\$1,354.18
004-061-005	MacMillan Bruce R/Macmillan Sally S	324 W 3rd St	\$857.88
004-131-001	MacMillan Bruce R/Macmillan Sally S	324 W 3rd St	\$1,347.53
004-132-004	Malowney Robert & Barbara	320 Broadway	\$2,453.55
004-081-015	Manuel Breslauer Ests	126 128 W 3rd St	\$716.69
004-071-019	Marchand Building LLC	120/128 W 2nd St	\$1,387.77
004-172-008	McCrary Elizabeth H Trust	370-370 1/2 E 4th St	\$1,030.76
004-141-004	Mckenna James Etal	SW Corner of W 4th & Salem	\$367.66
004-141-005	Mckenna James Etal	412 Salem St	\$326.81
004-141-006	Mckenna James Etal	414 Salem St	\$798.84
004-283-005	Meline Revocable Living Trust	730 Main St	\$1,241.02
004-283-006	Meline Revocable Living Trust	118 W 8Th St	\$571.92
004-283-007	Meline Revocable Living Trust	120 W 8th St	\$480.32
004-251-006	Melton Family Trust	627 Broadway St #100, 150 & 170	\$3,184.79



APN	LEGAL OWNER	SITE ADDRESS	PARCEL ASSMT
004-221-004	Members 1st Credit Union	532 Salem St	\$939.59
004-221-005	Members 1st Credit Union	540 Salem St	\$863.96
004-251-002	MFC Investments LP	#100, 120 & 130 - 123 W 6th St	\$1,165.90
004-421-008	MFC Investments LP	817-819-825 Main St	\$1,947.67
004-252-008	Mid Valley Title & Escrow Co	NE Corner E 7th & Main Sts	\$817.03
004-252-009	Mid Valley Title & Escrow Co	635 Main St	\$817.03
004-252-013	Mid Valley Title & Escrow Co	601 Main St	\$2,378.04
004-232-002	Moon Rev Living Trust	227-229 W 6th St	\$486.69
004-171-009	Moore Family Properties LLC	252 254 E 4th St	\$679.88
004-132-003	Morehead Family Trust	300-304-310 Broadway	\$3,148.95
004-286-003	Moreno Alvarez & De Alvarez	820 Oroville Ave	\$710.48
004-071-013	Moretti Family Trust	131 Broadway	\$985.14
004-082-002	Mowry Robert	177 E 2nd St	\$736.62
004-082-015	Mowry Robert	191 E 2nd St	\$2,443.74
004-081-008	Murray David	212 Main St	\$484.88
004-081-012	Nolta Family Trust	236 Main St	\$546.64
004-081-009	Nolta Family Trust Etal	214 Main St	\$473.47
004-422-011	Obannon Revocable Trust	270 E 9th St	\$490.11
004-422-010	Odiase Osamede Sunday	278 E 9th St	\$392.59
004-242-018	Odonell Group	Unit 400 PM 162-14/18	\$200.61
004-287-006	Ohri Arun Kumar Etal	110 W 9th St	\$1,390.19
004-171-006	Orr Patrick S & Jetta Denese	330 Flume St	\$1,218.22
003-190-016	Pacific Gas & Electric Co	Sbe 135-4-67-2	\$81.70
003-190-020	Peters Family Trust	250-260 E 1st St	\$2,239.22
004-175-001	Phillips Trust	357 E 4th St	\$1,070.82
004-141-014	Picaso James Jr	331 W 4th St	\$460.45
004-222-005	Piland Mark Blair / Biland Andrea	526-530 Broadway	\$594.21
004-283-010	Pitamber Ramesh	725 Broadway	\$4,528.48
004-151-007	Price, John M Trust	333 Broadway St	\$6,428.15
004-093-004	Proctor Sally & Cozad Cheryl	229 Flume St	\$921.77
004-093-010	Prosperity Investment Offices LLC	353 2nd St	\$1,243.22
004-422-009	Quaintance Kenneth	286 E 9th St	\$216.74
004-282-010	RCM Investments LLC	740 Broadway	\$3,368.98
004-081-018	Riley Ventures LLC	233 Broadway	\$552.84
004-081-019	Riley Ventures LLC	227-229 Broadway	\$1,124.06
004-171-002	Risko Jeffrey Etal	269 E 3rd St	\$537.91
004-152-007	Roberts Douglas Martin Etal	331-341 Main St	\$1,883.58
004-082-013	Rodriguez-Kronmiller Anika B	211 Main St	\$838.30
004-152-010	Russian River Land Co Inc	301 Main St	\$3,942.63
004-142-009	Safor Corp The	426 430 436 Broadway	\$3,749.57
004-131-002	Salem Venture LLC	323 W 3rd St (parking lot)	\$1,062.14
004-131-004	Salem Venture LLC	316 Salem St	\$730.79
004-131-013	Salem Venture LLC	W 4th St	\$3,198.05
004-282-007	Salvation Army	242 W 8th St	\$853.27
004-282-008	Salvation Army	719 Salem St	\$349.30
004-282-009	Salvation Army	717 Salem St	\$953.39
004-282-011	Salvation Army	700 Broadway	\$3,076.51
004-131-010	Sanford Thomas & Karen	321 Normal Ave	\$660.81
004-171-001	Sanford Trust Etal	305 & 309 Wall St 261 E 3rd St	\$763.61



APN	LEGAL OWNER	SITE ADDRESS	PARCEL ASSMT
004-385-001	Satake Revocable Trust Etal	722 Flume St & 289 E 7Th St	\$1,786.65
004-385-003	Satake Revocable Trust Etal	728 Flume St	\$265.03
004-385-005	Satake Revocable Trust Etal	740 744 Flume St	\$632.43
004-385-010	Satake Revocable Trust Etal	717 Wall St	\$1,170.40
004-422-001	Satake Revocable Trust Etal	261-263 E 8th St	\$729.48
004-422-002	Satake Revocable Trust Etal	271 E 8th St	\$425.32
004-071-011	Satava Family Trust	130, 132, & 134 W 2nd St	\$1,355.92
004-071-015	Satava Family Trust	133-135 Broadway	\$790.15
004-422-012	Satava Family Trust	254 E 9Th St	\$506.33
004-422-013	Satava Family Trust	Formerly 837 Wall St	\$953.02
004-422-014	Satava Family Trust	821 Wall St	\$384.21
004-422-015	Satava Family Trust	819 Wall St	\$613.26
004-052-005	Satava Family Trust Etal	128 Broadway	\$662.33
004-093-006	Schaerli Revocable Trust	354 E 3Rd St	\$388.37
004-093-008	Schaerli Revocable Trust	370 E 3Rd St	\$347.52
004-093-007	Schaerli Trust Etal	362 E 3Rd St	\$390.72
004-062-011	Schein Karen Etal	236 Broadway	\$1,120.93
004-071-012	Schein Karen Etal	146 W 2nd St	\$1,477.71
004-385-006	Schiff Randall J & Laura M Trust	282 E 8th	\$1,093.39
004-071-018	Shadd Trust Etal	132/134 Main St	\$1,275.10
004-171-007	Shaffer Kim Martin	344 Flume St	\$1,124.03
003-190-019	Sierra Central Credit Union	352 E 1st St	\$2,737.85
004-286-004	Sinatra Richard & Katherina Etal	840 Oroville Ave	\$769.41
004-242-004	Sixth & Main Investors	194-E 6th St	\$526.68
004-242-014	Sixth & Main Investors	555 Main St #100 Pm 162-14/18	\$657.77
004-242-015	Sixth & Main Investors	Unit 200 PM 162-14/18	\$130.04
004-242-016	Sixth & Main Investors	Unit 250 PM 162-14	\$81.70
004-242-017	Sixth & Main Investors	Unit 300 PM 162-14/18	\$479.70
004-242-099	Sixth & Main Investors	Common Area	\$0.00
004-284-004	Smith Robert L / Smith Rebecca A	818-828 Salem St	\$1,035.55
004-171-003	South Chico Chicas LLC	279 E 3rd St	\$614.18
004-172-001	South Chico Chicas LLC	305 Flume St	\$408.52
004-172-002	South Chico Chicas LLC	371 & 373 E 3rd St	\$859.35
004-152-003	South Chico Chicas, LLC	Swc E 3rd & Wall Sts	\$858.74
004-061-007	St Augustine Episcopal Church	228 Salem St	\$835.86
004-232-001	State Of California		\$571.92
004-232-005	State Of California		\$2,499.21
004-232-006	State Of California		\$408.52
004-232-007	State Of California		\$408.52
004-081-013	Stephens Revocable Trust	240 Main St	\$2,366.54
004-141-013	Stofa Eric R	341-343 W 4th St	\$718.11
004-241-002	Strain Trust	123 W 5th St	\$635.13
004-241-006	Strain Trust	540 Main St	\$2,653.50
004-241-007	Strain Trust	500 Main St	\$933.55
004-422-006	Tefs Michael & Suzanne Paustian	818 Flume St	\$928.46
004-252-012	Tennis Family Trust	183 E 6th St	\$1,480.30
004-281-002	The Graduate LLC	344 W 8th St	\$2,614.50
004-052-008	The Majestic Chico LLC	230 W 2nd St	\$2,847.60
004-142-002	Thieorem Collective LLC	418-422 Broadway St	\$1,590.47

APN	LEGAL OWNER	SITE ADDRESS	PARCEL ASSMT
004-231-002	Tipton Trust	333 W 6th St	\$993.76
004-072-008	Tochterman Family Trust Etal	Main St btw 1st & 2nd	\$368.03
004-251-001	Tofanelli Revocable Trust	603-605 Broadway	\$2,375.23
004-222-011	Tri Counties Bank	215 W 5th St	\$455.56
004-222-013	Tri Counties Bank	525 Salem St	\$4,297.97
004-177-011	Trinity Methodist Church Chico	285 E 5th St	\$1,929.77
004-091-002	U S Bank Of California	260 E 2nd St Chico	\$2,214.01
004-152-009	Ullrich Separate Property Trust	319 Main St	\$3,545.38
004-232-003	US Tires Inc.	600-624 Broadway St	\$2,119.39
004-072-002	Wall Street Tower LLC	Alley on E 1st	\$184.02
004-072-003	Wall Street Tower LLC	E 1st & Wall	\$1,840.16
004-421-005	Whipple Revocable Trust	845 847 851 Main St	\$878.62
004-421-006	Whipple Revocable Trust	843 Main St	\$872.03
004-081-005	Whitfield Family Trust	117-125 W 2nd St	\$1,065.93
004-241-004	Williams David & Christine	545 Broadway St & 130 W 6th St	\$1,261.39
004-422-008	Williams Trust	854 Flume St	\$518.13
004-062-010	Winter Luke & Colleen	232 Broadway	\$881.91
004-052-003	Wong-Reed Family Trust	116 Broadway	\$611.02
004-142-004	Zehnder Eric	450 Broadway	\$1,511.50
<b>TOTAL ASSESSMENT AMOUNT:</b>			<b>\$479,297.50</b>

# **ATTACHMENT B**

## **Downtown Chico Property-Based Business Improvement District**

### **Engineer's Report**



**Chico, California  
May 25, 2022**

***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 "PBID Law").

The Downtown Chico Property-Based Business Improvement District ("PBID") will provide activities either currently not provided or above and beyond what the City of Chico ("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 renewal is five (5) years, commencing January 1, 2023. 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 Owners' Association. 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 PBID 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, and keep the PBID area safe and clean. In order to meet these goals, the PBID funds 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 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 serve the community, and improve the quality of life.

Specifically, the PBID 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>*

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

Article XIID of the California Constitution determines 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 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.*

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

<sup>2</sup> California Streets and Highways Code, Section 36606.



*(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>3</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>4</sup>*

### **Judicial Guidance**

Since the enactment of Article XIID, the courts have rendered opinions regarding various aspects of Article XIID. The notable portions of cases that apply to assessment districts in general and this PBID in particular are noted below.

*"The engineer's report describes the services to be provided by the PBID [i.e., the PBID]; (1) security and homeless outreach, (2) maintenance (e.g., street sweeping, gutter cleaning, graffiti removal), and (3) marketing 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>5</sup>*

*"...separating the general from the special benefits of a public improvement project and estimating the quantity of each in relation to the other is essential if an assessment is to be limited to the special benefits."<sup>6</sup>*

*"...the agency must determine or approximate the percentage of the total benefit conferred by the service or improvement that will be enjoyed by the general public and deduct that percentage of the total cost of the service or improvement from the special assessment levied against the specially benefitted property owners."<sup>7</sup>*

*"...even minimal general benefits must be separated from special benefits and quantified so that the percentage of the cost of services and improvements representing general benefits, however slight, can be deducted from the amount of the cost assessed against specially benefitting properties."<sup>8</sup>*

The contents of this Engineer's Report are prepared in compliance with the above noted PBID Law, Article XIID of the California Constitution and applicable judicial opinions.

<sup>3</sup> Section 4, Article XIID of the State Constitution.

<sup>4</sup> Section 2 (j), Article XIID of the State Constitution.

<sup>5</sup> Dahms v. Downtown Pomona Property and Business Improvement District (2009) 174 Cal.App. 4th 708, 722.

<sup>6</sup> Beutz v. County of Riverside (2010) 184 Cal. App. 4th 1516, 1532.

<sup>7</sup> Golden Hill Neighborhood Association, Inc. v. City of San Diego (2011) 199 Cal.App. 4th 416, 438.

<sup>8</sup> Golden Hill Neighborhood Association, Inc. v. City of San Diego (2011) 199 Cal.App. 4th 416, 439.

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

The PBID Renewal Committee collectively determined the priority for improvements and activities that the PBID will deliver. Accordingly, the PBID will provide the following services, as described in greater detail in Section 3 of this Management District Plan: Safety and Stewardship Ambassadors, Cleaning Team, and Beautification; Economic Vitality; and Administration.

## SECTION C: BENEFITTING PARCELS

### **PBID Boundary**

The District encompasses approximately 45 whole and partial blocks in the commercial core of Downtown Chico.

Specifically, the district boundary includes all parcels as follows:

- All parcels in the blocks bounded by East and West 2<sup>nd</sup> Street, Normal Avenue, East and West 9<sup>th</sup> Street and Flume Street.
- All half-block parcels on the north side of Flume Street between East 2<sup>nd</sup> Street and East 7<sup>th</sup> Street.
- All parcels in the blocks bounded by East and West 1<sup>st</sup> Street, Salem Street, East and West 2<sup>nd</sup> Street and Flume Street.
- All parcels on the north side of East 1<sup>st</sup> Street from Main Street to Vallombrosa Avenue and Lost Park.

### **Benefit Zones**

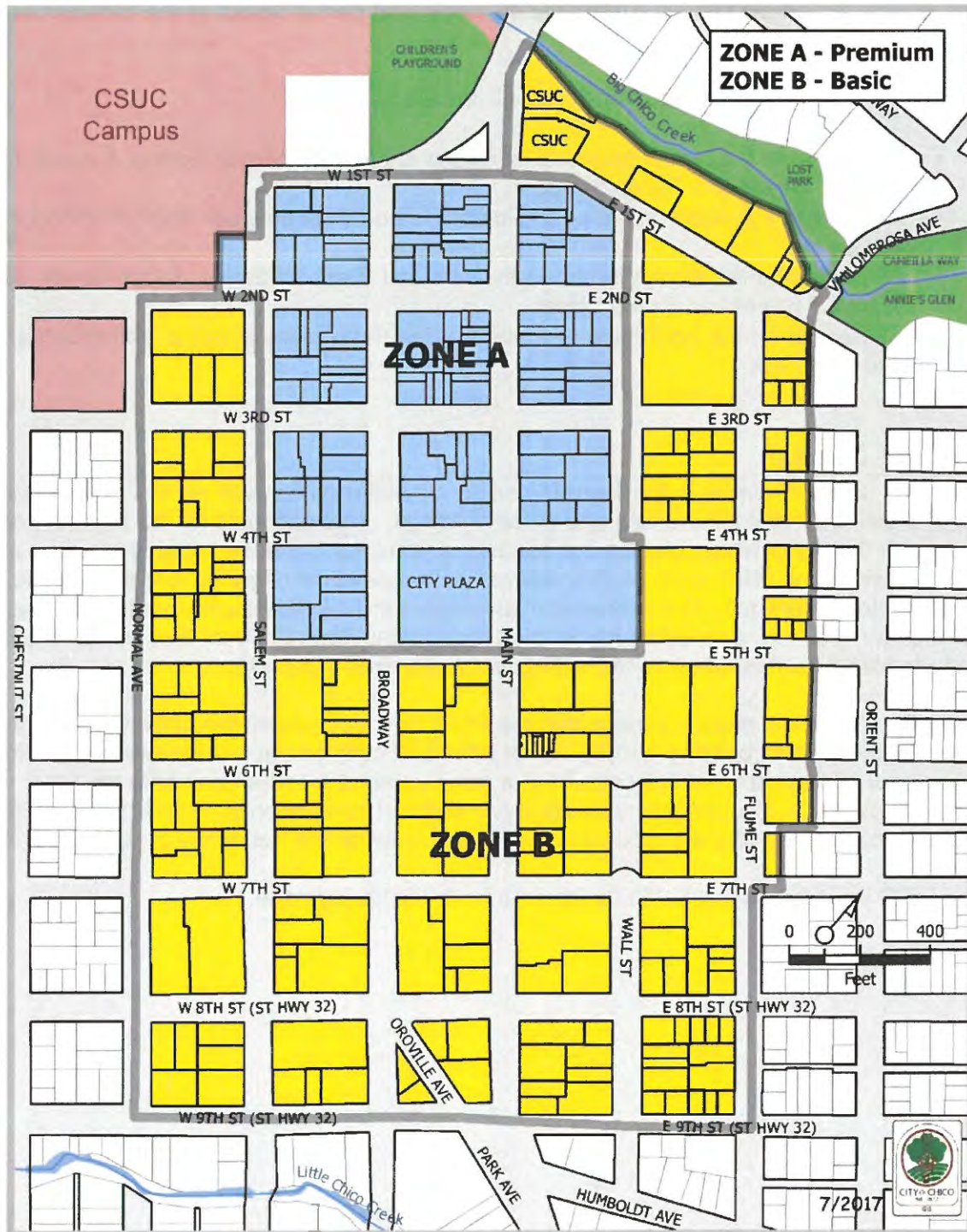
**Zone A:** Zone A contains the highest density of buildings as well as the largest number of commercial and retail businesses and office buildings. This accounts for the highest pedestrian activity in the PBID which creates the conditions requiring a greater amount of clean and safe services within the PBID, such as dirty sidewalks, the presence of graffiti, and the need to provide ambassador assistance. The service plan anticipates that service deployment frequencies within the premium service zone will be higher than those in the Zone B – from the number of the Safety and Stewardship Ambassadors to the frequency of sidewalk cleaning.

**Zone B:** The basic service zone within the PBID has less pedestrian activity compared to the Zone A due to lower building density, fewer retail and commercial businesses. Accordingly, the lower level of pedestrian activity results in a reduced need for clean and safe services. Service frequencies within the basic service zone are in direct correlation to reduced pedestrian traffic and service needs and are expected to be about two-thirds the frequency of services in Zone A.

The PBID boundary is illustrated by the map on the following page.



## Downtown Chico PBID Boundaries



## SECTION D: PROPORTIONAL BENEFITS

### *Methodology*

Article XIIID 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.

### *Property Use Considerations*

The methodology provides the following treatments for property used exclusively for single family owner occupied, church, and non-profit uses:

**Treatment of Single Family Owner-Occupied Residential Property:** Proposition 218 states that no parcel is exempt from assessments if that parcel receives benefit from the improvements and activities, this includes single family owner-occupied residential use parcels. Single family owner-occupied residential uses will benefit from the all the PBID activities but not to the same degree as all other land uses. To account for the diminished special benefit, single family owner-occupied residential parcels will be assessed at 70% of the assessment rate levied against all other land uses. All nonowner-occupied single family residential parcels will be assessed at the same rate as all other land uses as they are rental properties and receive the same special benefits. As of the date of this report, there are 3 single family owner-occupied parcels that will be assessed at 70% of the assessment rate. Those APNS are: 004-422-004, 004-422-005, and 004-422-009.

**Churches:** During the initial PBID formation public hearing on July 5, 2017, the City Council approved the authorizing resolution (Resolution No. 42-17) approving the formation of the PBID and the levy of assessments with an approved motion that reduced the assessment for church parcels by 60%.

**Non-Profit Property:** Certain nonprofit organizations which own properties that are exempt from property tax (e.g., cultural, community services, etc.), will not benefit to the same degree from PBID services and thereby will receive reduced benefits from PBID services. An owner of real property located within the PBID boundaries may reduce their assessment 60% if ALL the following conditions are met:



1. The property owner is a nonprofit corporation that has obtained federal tax exemption under Internal Revenue Code section 501c3 or California franchise tax-exemption under the Revenue and Taxation Code Section 23701d.
2. The class or category of real property has been granted an exemption, in whole or in part, from real property taxation.
3. The nonprofit property owner occupies a majority of building square footage within the subject property.
4. The property owner makes the request in writing to the City prior to the submission of the PBID assessment rolls to the County Assessor (to accommodate periodic changes in ownership or use, on or before July 1 of each year), accompanied by documentation of the tax-exempt status of the property owner and the class or category of real property. Any assessment reduction the City approves will be offset with a City contribution to the PBID equal to the assessment reduction so that the overall PBID budget is not reduced.
5. The City may verify the documentation of tax-exempt status and classification of the property for assessment purposes prior to submitting the assessments to the County Assessor.

**Change in Property Use:** If at any time a parcel changes its use, based on a change in zoning designation or otherwise, then it will be subject to the assessment methodology for the new use of that property. As a result, the PBID may experience the addition or subtraction of assessable lot or building square footage for parcels included and assessed within the PBID boundaries. The modification of use for an assessed parcel within the PBID may then change upwards or downwards the amount of total lot and building square footage assessment for that parcel. In future years, determination of the special benefits bestowed upon individual assessed parcels may change in accordance with the assessment methodology formula listed in this Management District Plan and Engineer's Report, but the assessment formula itself can only be changed in accordance with the provisions of the PBID Law and any other applicable laws.

### ***Special Benefit Factor***

The method used to determine proportional special benefits are measured by each parcel's lot square footage, first floor building square footage, plus the upper floor building square footage. Each parcel's proportional lot size, first floor building square footage and upper floor building square footage represents each parcel's proportional special benefit compared to other parcels within in respective benefit zone. These factors are an equitable way to identify the proportional special benefit that each of the parcels receive. Lot square footage is relevant to the best use of a property and will reflect the long-term special benefit implications of the improvement district. First floor and Upper floor building square footage is relevant to the interim use of a property and is utilized to measure short and mid-term impacts. Together, these factors serve as the basic unit of measure to calculate how much special benefit each parcel receives in relationship to other parcels in the PBID, which is the basis to then proportionately allocate the cost of the special benefits.

**Lot square footage** is defined as the total amount of area within the borders of the parcel. The borders of a parcel are defined on the County Assessor parcel maps.



**First floor building square footage** is defined as the first-floor gross building square footage as determined by the outside measurements of a building.

**Upper floor building square footage** is defined as the remaining gross building square footage less the first floor building square footage as determined by the outside measurements of a building. The PBID activities are primarily provided at the street level and thus allocating the greatest special benefit to the lot and first floor of a building. The upper floors of a building also benefit from the PBID activities but since they are not on the ground floor and do not receive the direct benefit, the upper floors are assessed at 66% of the ground floor to acknowledge their diminished special benefit.

Each one of these factors represents the benefit units allocated to each specially benefitted parcel. The total number of assessable benefit units per land use type and benefit zone in the PBID are as follows:

Land Use	Benefit Units
<b>PREMIUM ZONE A</b>	
All Uses except Residential and Church	1,534,175
Residential	0
Churches	0
<b>Subtotal Zone A</b>	<b>1,534,175</b>
<b>STANDARD ZONE B</b>	
All Uses except Residential and Church	1,844,864
Residential	5,074
Churches	19,640
<b>Subtotal Zone B</b>	<b>1,869,578</b>
<b>TOTALS</b>	<b>3,403,754</b>

## SECTION E: SPECIAL and GENERAL BENEFITS

PBID Law, Article XIID of the State Constitution, 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," which requires that we separate the general benefits, if any, from the special benefits provided by the proposed activities and improvements.

As of January 1, 2015, the State Legislature amended the PBID Law to clarify and define both special benefit and general benefit as they relate to the improvements and activities these districts provide. Specifically, the amendment (Section 36615.5 of the Streets and Highways Code) defines special benefit as follows: "'Special benefit' means, for purposes of a property-based district, a particular and distinct benefit over and above general benefits conferred on real property located in a district or to the public at large. Special benefit includes incidental or collateral effects that arise from the improvements, maintenance, or activities of property-based districts even if those incidental or collateral effects benefit property or persons not assessed."

In addition, the amendment (Section 36609.5 of the Streets and Highways Code) defines general benefit as follows: "'General benefit' means, for purposes of a property-based district, any benefit that is not a 'special benefit' as defined in Section 36615.5."

Furthermore, the amendment (Section 36601(h)(2)) states: "Activities undertaken for the purpose of conferring special benefits upon property to be assessed inherently produce incidental or collateral effects that benefit property or persons not assessed. Therefore, for special benefits to exist as a separate and distinct category from general benefits, the incidental or collateral effects of those special benefits are inherently part of those special benefits. The mere fact that special benefits produce incidental or collateral effects that benefit property or persons not assessed does not convert any portion of those special benefits or their incidental or collateral effects into general benefits."

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

All special benefits derived from the assessments outlined in this Engineer's Report are for property-related activities that are specifically intended for and directly benefiting each individual assessed parcel in the PBID. The special benefit must affect the individual assessable parcel in a way that is particular and distinct from its effect on other parcels in the district and the public at large. No parcel's assessment shall be greater than the special benefits received.

Streets and Highways Code Section 36601(e) 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 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 attractive and economically vibrant environment as outlined in Section 3 of this Management District Plan. The goal of improving the economic vitality is to improve the economic development 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 is assessed for the special benefits it receives from the PBID services, which may include;

- Cleaner and safer 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 PBID programs and services

Specifically, the special benefit each assessed parcels receives from each of the PBID activities is defined below.

### **Environment**

The enhanced Safety and Stewardship Ambassadors 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>9</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 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 connectivity between residential and business/commercial districts. The well-maintained sidewalks, accessibility, and inviting atmosphere of downtown helps to attract tourists."<sup>10</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

<sup>9</sup> "Accelerating economic growth and vitality through smarter public safety management" IBM Global Business Services Executive Report, September 2012, pg. 2

<sup>10</sup> "Benefits of Sidewalks", Iowa Healthiest State Initiative, November 1, 2017



maintained landscaped corridors and streetscape furniture in public places. These activities create the environment needed to achieve the PBID's other goals.

### **Economic Vitality**

The Economic Vitality activities consist of services directly benefitting the assessed parcels. For example, the PBID will promote businesses within the PBID area, help assessed property owners attract high-paying tenants through social media advertising and collaborate with the Downtown Chico Business Association or Chamber of Commerce and highlight the special benefits that the assessed parcels are receiving through a website and district marketing. These activities will specially benefit each assessed parcel by encouraging business development and investment and increased commercial activity (e.g., filling vacant spaces, increased lease rates for commercial spaces). Decisions on where to shop, eat or conduct business are largely based on a perception of the place. If these economic vitality activities were not performed, it would be a deterrent to pedestrian traffic, business and commerce for the assessed commercial parcels.

### **Administration**

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**

Based on the special benefits each assessed parcel receives from the PBID activities, each of the proposed activities provides special benefits to applicable real property within the district and that each parcel's assessment is in direct relationship to and no greater than the special benefits received. All parcels within the PBID will specially benefit from the Clean, Safe and Beautiful activities, as well as the Economic Vitality and Administration services.

The special benefit to parcels from the proposed PBID activities and improvements described in this report are equal to the total amount of the proposed assessment. Each individual assessed parcel's assessment is in proportion to the special benefit it receives from the PBID activities.

## **General Benefit Analysis**

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 in the district or the general public receives. This analysis will evaluate and determine the level of general benefits that (1) parcels inside of the PBID, (2) parcels outside of the PBID, and (3) the public at large may receive.

### **General Benefit to Parcels Inside the PBID**

The PBID provides funds for activities and services that are designed and created to provide special benefits to each individually assessed parcel within the PBID. The Clean, Safe and Beautiful activities are provided to the sidewalks and public rights-of-way in front of each assessed parcel while the Economic Vitality activities are targeted to promote solely the parcels within the district. The special benefits conferred on these parcels are distinct and special in nature. Any general benefits the parcels may receive are incidental to providing special benefits to the assessed parcels, and thus any cost associated to the incidental benefits are not reduced from the cost of providing special benefits to the assessed parcels.<sup>11</sup>

### **General Benefit to Parcels Outside of the PBID**

All the PBID activities and services are narrowly designed and are provided solely to each of the individual assessed parcels in the PBID boundary. Each of the PBID activities is provided to the public right-of-ways (streets, sidewalks) adjacent to all specially benefitted parcels or tenants in the PBID. None of the surrounding parcels will directly receive any of the PBID activities. "The value of any incidental, secondary, or collateral effects that arise from the improvements, maintenance, or activities of a property-based district and that benefit property or persons not assessed shall not be deducted from the entirety of the cost of any special benefit or affect the proportionate special benefit derived by each identified parcel"<sup>12</sup>. Any benefits parcels outside the PBID may receive are incidental to providing special benefits to the assessed parcels, and thus any cost associated to the incidental benefits are not reduced from the cost of providing special benefits to the assessed parcels.

### **General Benefit to the Public At Large**

In addition to general benefit analysis to the parcels outside of the PBID boundary, there may be general benefits to the public at large, i.e., those people that are either in the PBID boundary and not specially benefitted from the activities, or people outside of the PBID boundary that may benefit from the PBID activities. In the case of the PBID, the public at large are those people that are within the PBID boundary that do not pay an assessment and do not specially benefit from the PBID activities.

To calculate the general benefit the public at large may receive, a determination is made for the percentage of each PBID activity budget that may benefit the general public. In this case, the Economic Vitality activities are tailored to benefit and promote each assessed parcel in the district and is not intended to benefit the general public. If there are any public benefits, they are incidental and collateral to providing special benefits to the assessed commercial parcels.

<sup>11</sup> Streets and Highways Code Section 36622 (k)(2)

<sup>12</sup> Streets and Highways Code, Section 36622 (k)(2)



By contrast, the Environmental activities: Clean, Safe and Beautiful do generally benefit the general public to some degree, as the general public may appreciate the enhanced level of maintenance, security, and beautification as it passes through the PBID.

We then apply a Relative Benefit factor to the Environmental activities accounting for the potential benefit the general public may receive. The relative benefit factor is a basic unit of measure that compares the benefit the general public receives compared to the public that specially benefits from this activity. Since the specially benefitted public receives 100% of the activities and special benefit it is assigned a relative benefit factor of 1.0 for this activity. The general public does not directly receive any District activity and thus, is assigned a relative benefit factor less than 1.0. There is no scientific method to determine the relative benefit factors, however in our professional experience of over 50 years as a Registered Civil Engineer and the results of previous studies conducted to determine a relative benefit factor for the general public in San Francisco, Los Angeles and other jurisdictions the general public receives a relative benefit factor of 0.05 or 5.0% for the Environmental activities. Based on our professional experience and the results of previous studies, it is reasonable to conclude that this relative benefit factor properly accounts for the general public that is not specially benefitted.

The relative benefit factor is then multiplied by the District activity's budget percentage to determine the overall benefit factor. The following table illustrates this calculation.

	A	B	C	D	E
	Budget		Relative	General Benefit	General Benefit
ACTIVITY	Amount	% of Budget	Benefit	Percent (B x C)	Allocation (A x D)
			Factor		
Environment	\$455,000	91.00%	5.00%	4.55%	\$20,703

This analysis indicates that \$20,703 of the Environmental activities may be attributed to general benefit to the public at large and must be raised from sources other than the special assessments.

#### **Total General Benefits**

Using the sum of the three measures of general benefit described above, in year one of the renewal term, \$20,703 (4.55% of the Environmental budget, which is equal to 4.14% of the total PBID budget) is general in nature and will be funded from sources other than special assessments.



## SECTION F: COST ESTIMATE

### **2023 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	BUDGET	% of Budget
Environment: Clean, Safe and Beautiful	\$455,000	91.00%
Economic Vitality	\$15,000	3.00%
Administration	\$30,000	6.00%
<b>Total Expenditures</b>	<b>\$500,000</b>	<b>100.00%</b>
REVENUES		
Assessment Revenues	\$479,298	95.86%
Other Revenues (1)	\$20,703	4.14%
<b>Total Revenues</b>	<b>\$500,000</b>	<b>100.00%</b>

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

#### **Budget Notations**

The services proposed for year one of the renewal 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.

#### **Bond Issuance**

No bonds will be issued to finance improvements.

## SECTION G: APPORTIONMENT METHOD

As previously discussed in Section B, the PBID is segregated into two benefit zones based upon each zone's demand for services and improvements and the benefits received. The cost of the special benefits received from these services is apportioned in direct relationship to each parcel's use, lot square footage, first floor building square footage, as well as the upper floor building square footage. Each parcel is assigned a proportionate benefit unit for each for each square footage. Each parcel is assigned a proportionate benefit unit for each for each square footage. For Residential parcels, the Benefit Units reflects a 30% reduction, and for Churches a 60% reduction since these land uses do not benefit to the same degree as all other land uses, 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. The total number of assessable Benefit Units per land use type and benefit zone in the PBID is as follows:

Land Use	Benefit Units
<b>PREMIUM ZONE A</b>	
All Uses except Residential and Church	1,534,175
Residential	0
Churches	0
<b>Subtotal Zone A</b>	<b>1,534,175</b>
<b>STANDARD ZONE B</b>	
All Uses except Residential and Church	1,844,864
Residential	5,074
Churches	19,640
<b>Subtotal Zone B</b>	<b>1,869,578</b>
<b>TOTALS</b>	<b>3,403,754</b>

### Calculation of Assessments

Based on the special benefit factors, assessable footages for each variable plus the proposed budget, all of which are discussed above, the following table illustrates the first year's maximum annual assessment per parcel assessable square foot per each zone. Note, assessment rates are rounded off to the fifth decimal place and a parcel's assessment may vary slightly when calculated using the assessment rates below.

Zone	Land Use Type	Lot	First Floor	Upper Floors
A:	All Uses except Res/Church	\$0.14081	\$0.14081	\$0.09294
A:	Residential	\$0.09857	\$0.09857	\$0.06506
A:	Churches	\$0.05633	\$0.05633	\$0.03717
B:	All Uses except Res/Church	\$0.09378	\$0.09378	\$0.06190
B:	Residential	\$0.06565	\$0.06565	\$0.04333
B:	Churches	\$0.03751	\$0.03751	\$0.02476

Specifically, the assessment rates are calculated as follows:

**Zone A Assessment Rates:**

Assessment Budget divided by Total Benefit Units

Lot + First Floor SF for all parcels except Res/Churches:  $(\$479,298 / 3,403,754) = \$0.14081$

Lot + First Floor SF for Residential  $(\$0.14081 \times 70\%) = \$0.09857$

Lot + First Floor SF for Churches  $(\$0.14081 \times 40\%) = \$0.05633$

Upper Floor SF for all parcels except Res/Churches:  $(\$0.14081 \times 66\%) = \$0.09294$

Upper Floor SF for Residential  $(\$0.09294 \times 70\%) = \$0.06506$

Upper Floor SF for Churches  $(\$0.09294 \times 40\%) = \$0.03717$

**Zone B Assessment Rates:**

Assessment Rates from Zone A x 66.6%

Lot + First Floor SF for all parcels except Res/Churches:  $(\$0.14081 \times 66.6\%) = \$0.09378$

Lot + First Floor SF for Residential  $(\$0.09378 \times 70\%) = \$0.06565$

Lot + First Floor SF for Churches  $(\$0.09378 \times 40\%) = \$0.03751$

Upper Floor SF for all parcels except Res/Churches:  $(\$0.09378 \times 66\%) = \$0.06190$

Upper Floor SF for Residential  $(\$0.06190 \times 70\%) = \$0.04333$

Upper Floor SF for Churches  $(\$0.06190 \times 40\%) = \$0.02476$

**Sample Parcel Assessment**

To calculate the assessment for a 3-story commercial building in Zone A with a 5,000 square foot lot, a 5,000 square foot first floor and 10,000 square feet in 2 upper floors, the calculation is as follows:

Lot square feet (5,000) x \$0.14081 = .....	\$704.05
First floor building square feet (5,000) x \$0.14081 = .....	\$704.05
Upper floor building square feet (10,000) x \$0.09294 = .....	\$929.40
Total Parcel Assessment = .....	\$2,337.50

To calculate the assessment for a 3-story commercial building in Zone B with a 5,000 square foot lot, a 5,000 square foot first floor and 10,000 square feet in 2 upper floors, the calculation is as follows:

Lot square feet (5,000) x \$0.09378 = .....	\$468.90
First floor building square feet (5,000) x \$0.09378 = .....	\$468.90
Upper floor building square feet (10,000) x \$0.06190 = .....	\$619.00
Total Parcel Assessment = .....	\$1,559.80

The assessment calculation is the same for every parcel in the PBID respective of its land use and benefit zone.

**Maximum Annual Assessment Adjustments**

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 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 Owner's Association shall have the right to propose reallocation up to 10% by line item of budget allocation within the budgeted categories. Any change will be approved by the Owners' Association Board of Directors and submitted to the City of Chico 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.

### ***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), and such change will be prorated to the date the parcel receives the temporary and/or permanent certificate of occupancy.