

RESOLUTION NO. 2011-425

Adopted by the Sacramento City Council

July 19, 2011

ESTABLISHING THE HANDLE BUSINESS IMPROVEMENT DISTRICT NO. 2011-04; CONFIRMING AND LEVYING AN ASSESSMENT, ORDERING PROGRAMS, SERVICES, AND IMPROVEMENTS TO BE PERFORMED IN THE DISTRICT, AND DIRECTING THAT A NOTICE OF ASSESSMENT BE RECORDED

BACKGROUND

- A. The business owners within the boundaries of the Handle District have submitted petitions to the City of Sacramento to establish the Handle Business Improvement District No. 2011-04 (District). Included with the petitions was a summary of the Management District Plan (MDP) that describes the proposed assessment to be levied on businesses within the District to pay for the following activities and improvements: (1) Private security service will be provided in coordination with local law enforcement, (2) District signage to promote awareness of businesses in the District, (3) landscaping and lighting maintenance and improvements, and (4) various other services, to promote business interests in an effort to increase business revenue in the District. The District MDP is on file with the Public Improvement Financing unit of the Department of Finance, designated by the City Clerk to be repository of documents associated with special districts.
- B. The business owners who signed the petitions will collectively pay more than 50% of the proposed assessment. On May 24, 2011, City Council (Council) adopted Resolution No. 2011-291 entitled "Resolution of Intention to Establish the Handle Business Improvement District No. 2011-04." As part of Council's action, the dates and times of the public meeting and public hearing were identified as follows: June 21, 2011, at 6:00 pm and July 12, 2011, at 6:00 pm, both events which will take place in the City Council chambers, New City Hall, 915 "I" Street (first floor), Sacramento, California, respectively. The City Clerk was directed to provide notice to affected business owners in accordance with Streets and Highways Code Section 36623.
- C. Joint Public Meeting and Public Hearing notices were mailed to affected business owners in the proposed District on May 31, 2011.
- D. The City Clerk has filed with the City Council an affidavit confirming her compliance with the legal requirement for mailing the joint notices. Relying on this affidavit, the City Council finds that a joint public meeting and public hearing notice was mailed to each business owner of identified parcels within the territory to be established, as ordered by Resolution No. 2011-291 and as required by law.
- E. On July 19, 2011, continued from July 12, 2011, at the place set forth in the joint notice of public meeting and public hearing mailed to all business owners within the District to be established, the City Council held a public hearing on the proposed assessment.

During the public hearing, the City Council (1) heard all protests against the proposed assessment from business owners within the District to be established; and (2) accepted testimony from all interested persons, whether or not they own businesses within the District to be established. Immediately after the public hearing concluded, the City Clerk determined that there was no majority protest against the establishment of the District.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. That the Background statements A through E are true and correct.
- Section 2. No majority protest having been made through the public hearing / majority protest proceedings, the City Council —
- (a) overrules all protests to the proposed assessment and these proceedings;
 - (b) approves the MDP and proposal to levy an annual assessment on businesses within the District based on the assessment methodology set forth in the MDP;
 - (c) orders the formation of the District generally described in the MDP, and depicted in the boundary map approved by Resolution No. 2011-291 and recorded with the Sacramento County Recorder's Office in Book 112, Page 0013 for an initial five year term;
 - (d) establishes an initial budget in year 1 of District operations of approximately \$200,000, as set forth in the MDP;
 - (e) orders the programs, services, and improvements funded via assessments described in the MDP be provided to businesses within the established District;
 - (f) finds and determines that each parcel within the established District, as shown on the assessment diagram, has been assessed in proportion to the benefits and services the business will receive from the programs, services, and improvements, all as described in the MDP; and
 - (g) confirms the assessment diagram.
- Section 3. Businesses in the District will be subject to amendments to the Property and Business Improvement District Law of 1994 (California Streets and Highways Code section 36600).
- Section 4. Bonds will not be issued for the District.
- Section 5. The Interim City Manager or (his designee) is directed to take all necessary actions to complete the establishment of the District and to levy the assessment. In accordance with Streets and Highways Code Section 36627, the City Clerk is directed to file a copy of the assessment diagram and execute and record a notice of assessment in the Sacramento County Recorder's

Office. The text of the recorded notice shall state that the assessment is levied only against restaurant and retail businesses with the boundary of the District.

Exhibits A, B, and C are part of this resolution.

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Exhibit A: FY2011/12 District Budget

Exhibit B: Management District Plan

Exhibit C: District Boundary Map

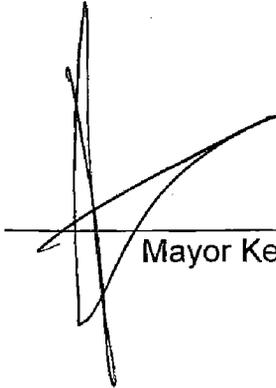
Adopted by the City of Sacramento City Council on July 19, 2011 by the following vote:

Ayes: Councilmembers Ashby, Cohn, D Fong, R Fong, McCarty, Pannell, Schenirer, Sheedy, and Mayor Johnson.

Noes: None.

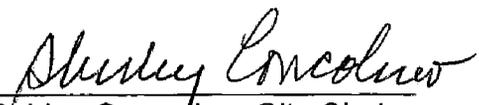
Abstain: None.

Absent: None.



Mayor Kevin Johnson

Attest:



Shirley Concolino, City Clerk

EXHIBIT A

HANDLE BUSINESS IMPROVEMENT DISTRICT NO. 2011-04 DISTRICT BUDGET & ANNUAL ASSESSMENT IN YEAR 1

Total Assessment Budget		\$200,000
Total Revenue		<u>\$200,000</u>
District Formation cost *	\$ 7,500	
Less: Total City Expenses	<u>\$ 7,500</u>	
Estimated Total District Disbursement **		<u>\$192,500</u>

Total

** One-time expense, will not appear as a line item in the subsequent four years of the proposed District's budget*

*** Inclusive of up to \$5,000 to be paid to the Third-Party Administrator and \$40,000 to be paid to the District Consultant*

ANNUAL ASSESSMENT

Assessment Category	Assessment Rate
Food & Beverage	1.5% of gross sales, excluding alcohol sales
Retail <i>(if gross annual revenue is under \$100,000)</i>	\$25 per month
Retail <i>(if gross annual revenue is over \$100,000)</i>	\$50 per month

Annual assessment rates are based on specific benefit to the assessed businesses and do not exceed the reasonable costs of providing the services or programs.

EXHIBIT B

MANAGEMENT DISTRICT PLAN

HANDLE BUSINESS IMPROVEMENT DISTRICT

MANAGEMENT DISTRICT PLAN

District No. 2011-04

*Formed pursuant to the Property and Business Improvement District Act of 1994
(Streets and Highways Code §36600 et seq.)*

Submitted to

Handle District Business Owners

June 8, 2011

by



**HANDLE BUSINESS IMPROVEMENT DISTRICT
MANAGEMENT DISTRICT PLAN**

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I. INTRODUCTION AND OVERVIEW

Developed by Handle in Midtown Business Owners (HBO), the Handle Business Improvement District (HBID) is a benefit assessment district proposed to help fund marketing, improvements and sales promotion efforts for Handle District businesses. This approach has been used successfully in other destination areas throughout the country to improve restaurant and retail sales.

Location: The proposed HBID includes all restaurant and retail businesses, which includes restaurants, bars, nightclubs, diners and all other businesses that sell prepared food, retail businesses, and personal care businesses located within and around the boundaries of 18th Street, 19th Street, L Street and Capitol Avenue in Sacramento, California.

Services: Marketing, sales promotions, security and improvements to increase restaurant and retail sales and market assessed businesses in the Handle District.

Budget: The total HBID annual budget for each year of its five (5) year operation is anticipated to be approximately \$200,000. The budget may vary depending upon the level of gross sales.

Cost: Annual assessment rates are as follows: food and beverage businesses shall be assessed 1.5% of gross sales, excluding alcohol sales. Retail businesses with under \$100,000 in-gross annual revenue will be assessed a flat assessment of \$25 per month. Retail businesses with \$100,000 or more in-gross annual revenue will be assessed a flat assessment of \$50 per month. Business classification as "food and beverage" or "retail" shall be based on the primary business activity of each business. The business classification and the gross sales will be determined from the Business Operations Tax filings with the City of Sacramento.

New businesses opening during the term of the district shall not be exempt from assessment. New businesses' assessment rates shall be determined by utilizing the most current quarterly gross sales information to extrapolate the annual assessment amount.

Formation: BID formation requires submittal of petitions from businesses representing more than 50% of the total annual assessment followed by a City Council hearing and an opportunity for a written protest. The assessed business owners will receive notice of the public hearing by mail. If there is a majority written protest, the HBID will not be formed.

Duration: The proposed HBID will have a five (5) year life. It is estimated that the HBID assessment will be implemented beginning September 1, 2011. Once per year beginning on the anniversary of the formation of the district there is a 30 day period in which owners paying more than 50% of the assessment may protest and terminate the district.

II. WHY A BUSINESS IMPROVEMENT DISTRICT FOR THE HANDLE DISTRICT?

There are several reasons why now is the right time to form a Business Improvement District (BID) in the Handle District; the most compelling reasons are as follows:

A. The Need to Maintain and Improve Upon the Handle Area's Positive Image.

By keeping the focus on Midtown Sacramento's success as the region's foremost mixed-use urban neighborhood and advocating positive sustainable change, we can maintain and improve upon Midtown's positive image as one of the region's most livable and attractive places to work, live, and visit. The Handle District's image impacts all of our properties and businesses, retail, offices, entertainment, nonprofits, hospitals, churches, parks, and homes, and positive impressions are a driving force in Handle's development. The BID assessments would provide a stable funding source to be used for visible and effective safety, maintenance, parking and marketing services, sustaining Handle's current growth and success, and creating a support structure for future development and improvements.

B. The Need for a Unified Community Voice.

As it grows and prospers, Handle will have an increasingly important role in determining community priorities, formulating policy, and managing issues and programs in Sacramento. It is critical that the Handle businesses communicate in an effective, strategic, and coherent manner in order to leverage our resources, influence ongoing policy decisions, and achieve our common goals. A BID provides the staffing and funding resources to provide that unified community voice as well as in-depth research and analysis to inform policy decisions.

C. The Need to Provide Supplemental Services in a Cost-effective Manner.

The City of Sacramento is responsible for providing safety, maintenance, economic development, and parking services on a citywide basis. The District will build on those benchmark services to make the Handle District cleaner, safer, more attractive, and more productive than it has ever been. The BID will also provide unified programming and direct accountability to those who pay.

D. The Need for Marketing and Event Promotion.

With the formation of the HBID the Handle area could increase its resources to help build upon existing promotional efforts. The projected annual assessment would provide the funds necessary to augment existing marketing efforts and enhance promotion, both designed to increase business opportunities for Handle businesses and event activity in the area.

III. WHAT IS A BUSINESS IMPROVEMENT DISTRICT?

BIDs utilize the efficiencies of private sector operation in the market-based promotion of business districts. BIDs allow business owners to organize their efforts to increase sales and promotional efforts. Business owners within the district fund a BID, and those funds are used to provide services that the businesses desire and that benefit the businesses within the district.

Business Improvement District services may include, but are not limited to:

- Marketing of the Destination
- Business Promotion Activities
- Sales Lead Generation
- Infrastructure Financing

In California, BIDs are formed pursuant to the Property and Business Improvement District Law of 1994 (PBID Law). This law allows for the creation of a special benefit assessment district to raise funds within a specific geographic area. *The key difference between BIDs and other special benefit assessment districts is that funds raised are returned to the private non-profit corporation governing the district.*

There are many benefits to Business Improvement Districts:

- Funds cannot be diverted for other government programs;
- Business Improvement Districts are customized to fit the needs of each district;
- They allow for a wide range of services, including those listed above;
- Business Improvement Districts are **designed, created and governed by those who will pay** the assessment;
- They provide a stable funding source for business promotion.

The PBID Law (AB 3754) is provided in Appendix 1 of this document.