



## City of Sacramento City Council

915 I Street, Sacramento, CA, 95814  
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**Meeting Date:** 8/9/2012

**Report Type:** Staff/Discussion

**Title:** Handle Business Improvement District – MDP Modification- Public Meeting

**Report ID:** 2012-00536

**Location:** District 4

**Recommendation:** Conduct a public meeting regarding the proposed modification to the Management District Plan for the Handle Business Improvement District No. 2011-04.

**Contact:** Sheri Smith, Program Specialist, (916) 808-7204; Mark Griffin, Program Manager, (916) 808-8788, Finance Department

**Presenter:** Sheri Smith, Program Specialist, (916) 808-7204, Finance Department

**Department:** Finance

**Division:** Public Improvement Finance

**Dept ID:** 06001321

**Attachments:**

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- 1-Description/Analysis
- 2-Background
- 3-Schedule of Proceedings
- 4-Boundary Map

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**City Attorney Review**

Approved as to Form  
 Jeffrey Heeren  
 7/26/2012 2:06:48 PM

**City Treasurer Review**

Reviewed for Impact on Cash and Debt  
 Russell Fehr  
 7/20/2012 11:15:16 AM

**Approvals/Acknowledgements**

Department Director or Designee: Leyne Milstein - 7/24/2012 6:26:38 PM



## Description/Analysis

**Issue:** On July 19, 2011, City Council approved formation of the Handle Business Improvement District No. 2011-04 (District). The business owners within the boundaries of the District petitioned the City of Sacramento (City) to establish the District in order to provide marketing, maintenance, and other services to increase restaurant and retail sales within the District.

At the time of formation, Council approved a Management District Plan (MDP) that governs the method of assessment for businesses as well as the services to be provided. The District Board of Directors (i.e., the Owners' Association) has requested that the City modify the MDP to clarify how the assessment is calculated for various retail activities within the district, clarify policies related to delinquencies, and standardize assessment invoicing methodology.

On July 19, 2012, Council approved the Resolution of Intention and set August 9, 2012, and August 21, 2012, as the dates for the public meeting and public hearing, respectively, for the proposed modification of the MDP.

The public meeting is a venue for affected business owners within the District to speak in favor or opposition of the proposed modifications to the MDP. No formal action will be taken by Council subsequent to the conclusion of the public meeting.

**Policy Considerations:** The District provides services to promote a clean and safe environment for visitors and patrons including security patrols in coordination with local law enforcement, District signage, maintenance services, and landscaping and lighting improvements. The District also provides advertising and marketing services, coordinates special events, and promotes the District in an effort to increase patronage to assessed businesses. Modification of the MDP will ensure that businesses are assessed in the manner that was originally intended, formalize the invoicing and collection processes, and assist in management of the District.

**Economic Impacts:** None.

### Environmental Considerations:

**California Environmental Quality Act (CEQA):** Under CEQA guidelines, modification of a MDP is administrative, does not constitute a project, and is therefore exempt from review.

**Sustainability:** There are no sustainability considerations applicable to the formation or renewal process and administration of an assessment district.

**Commission/Committee Action:** None

**Rationale for Recommendation:** The public meeting is required by the California Streets and Highways Code Part 7 (beginning with Section 36635) of Division 18 associated with the modification of a MDP.

**Financial Considerations:** The District is self-supporting and has no impact to the General Fund. Financing is provided by the levy of assessments upon businesses that benefit from the improvements and services.

The operating budget for the District, which will fluctuate with market conditions and retail sales, will be adjusted annually to reflect Council approved assessments and expenditure plans.

**Emerging Small Business Development (ESBD):** City Council approval of these proceedings is not affected by City policy related to the ESBD Program.

## BACKGROUND

The Handle Business Improvement District No. 2011-04 (District) was formed in July 2011 with the intent of beginning operations in September. Due to various issues, the District actually began billing assessments in October, with the first payments due in January 2012. Now that the District is up and running, the Owners' Association has identified a need to modify the MDP to ensure the management of the District reflects the actual start date, as well as the correct intent in the definition of the scope of assessments. The Owners' Association has, therefore, requested that the City modify the MDP to do the following:

- Set the start date of the District as October 1, 2011, corresponding to the actual assessment start date.
- Clarify that the assessment on food and beverage sales does not include revenue from banquet and catering facilities or revenue generated from retail sales such as branded promotional items, bulk coffee, t-shirts, and similar items.
- Clarify that, for assessment purposes:
  - Retail business revenue does not include services provided such as haircuts, massage, or car washing.
  - Retail business revenue does include retail sales of items such as hair products, jewelry, car accessories, cleaning products, and other tangible items sold within the retail establishments.
- Formalize the invoicing process:
  - Food and beverages businesses will be invoiced monthly an estimated assessment amount due. Estimates shall be based on the average monthly reported gross revenue for the previous year or, if none is available, the most recent data available. The amounts paid and owed shall be reconciled against Business Operations Tax filings or similar sources on at least an annual basis. Businesses may be invoiced if reconciliations indicate assessments were underpaid.
  - Retail businesses will be invoiced on a quarterly basis using the same estimating and true up process outlined above.
- Clarify the policy for delinquent accounts by including a sample calculation showing how penalties are to be applied to accounts more than 60 days delinquent.

The City Council can implement these changes without a petition or vote of affected business owners because the proposed modifications do not include new or increased assessments.

The public hearing for the proposed modification to the MDP is scheduled for August 21, 2012.



**SCHEDULE OF PROCEEDINGS  
HANDLE BUSINESS IMPROVEMENT DISTRICT NO. 2011-04  
MDP MODIFICATION**

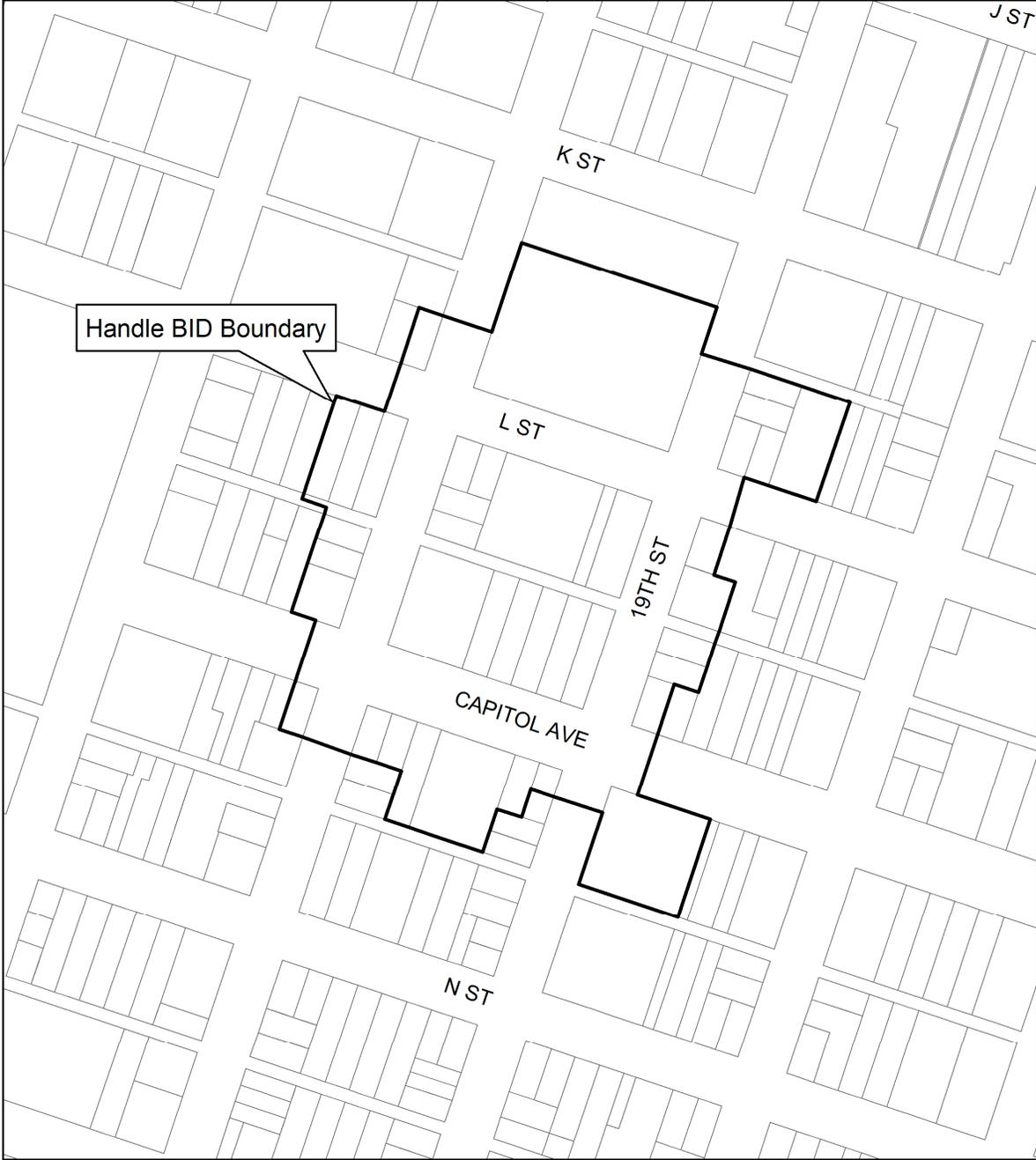
July 19, 2012	Resolution of Intention – City Council
July 20, 2012	Mail Notices of Public Meeting and Public Hearing
July 20, 2012	Receive Annual Report from Handle District Corporation
July 23, 2012	Publish Resolution of Intention

<b>August 9, 2012</b>	<b>Public Meeting – City Council</b>
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August 21, 2012	Public Hearing – City Council Annual Report
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# Handle Business Improvement District No. 2011-04



  
G.I.S.  
City of  
Sacramento  
Department of Finance  
BMueller, 06/25/12

