

Downtown San Luis Obispo Property-Based Business Improvement District

Management District Plan



City of San Luis Obispo, California

June 2019

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*Prepared pursuant to the State of California
Property and Business Assessment District Law of 1994
to create a Property-Based Business Improvement District, and
Article XIID of the California Constitution.*

DOWNTOWN SAN LUIS OBISPO
Property-Based Business Improvement District
Management District Plan

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SECTION 1: EXECUTIVE SUMMARY

In late 2017, a Downtown San Luis Obispo PBID Steering Committee evaluated the feasibility for forming Property-Based Business Improvement District (PBID) for the downtown commercial core. With coordination from Downtown SLO, one-on-one and group meetings with area property owners, business owners, and residents found interest in and support for the PBID concept.

PBIDs collect a self-governed assessment on property to provide enhanced services beyond those provided by the City, including environmental enhancements such as safety, maintenance and beautification services, and economic enhancements to strengthen the business mix of commercial districts. More than 100 PBIDs now exist in downtowns and urban districts throughout the State of California since enabling legislation for PBIDs was adopted more than 20 years ago.

Summary Management Plan

Pursuant to California Streets and Highways Code, the “Property and Business Improvement District Law of 1994 as amended”, the PBID is being formed for a five-year term. Upon receipt of petitions signed by property owners representing greater than 50% of the PBID budget, the City of San Luis Obispo will initiate a ballot procedure to officially establish the Downtown San Luis Obispo PBID.

Location	The district is concentrated along the Monterey, Higuera and Marsh Street corridors (from Nipomo Street to Osos Street; the Palm Street corridor (from Chorro Street to Osos Street). See PBID Boundary Map on page 7.
Improvements & Activities	<p>A Safe, Welcoming, and Vibrant Downtown: The PBID will finance improvements and activities that will improve Downtown San Luis Obispo’s environment for property owners, businesses, residents, workers, and visitors, including:</p> <ul style="list-style-type: none"> • <u>Expanded Downtown Ambassador program</u> – provide visitor information; homeless services outreach and referrals; coordination with local police and property and business owners to prevent crime; safety escorts; merchant outreach; event support; city services liaison • <u>Maintenance services</u> that include cohesive and consistent sidewalk sweeping, scrubbing, and power washing; litter and graffiti removal; maintain landscaping; more frequent and thorough trash removal • <u>Beautification and cosmetic improvements</u> to make Downtown more attractive and welcoming, which may include: sidewalk repair, enhanced landscaping and lighting, wayfinding signage, streetscaping, planters, public art, parklets, bicycle parking, etc. <p><i>The BIA will remain in place and continue to focus on initiatives including special events and the Farmers’ Market, parking and access efforts, marketing and promotions.</i></p>
Method of Financing	Levy of assessments upon real property that benefit from improvements and activities.

<p>Budget</p>	<p>Total PBID assessment budget for its first year of operations in \$400,000, as follows:</p> <table border="1" data-bbox="431 352 1409 701"> <thead> <tr> <th>EXPENDITURES</th> <th>TOTAL BUDGET</th> <th>% of Budget</th> </tr> </thead> <tbody> <tr> <td>Environmental Enhancements Downtown Ambassadors, Cleaning, Beautification and Placemaking</td> <td>\$325,000.00</td> <td>81.25%</td> </tr> <tr> <td>Operations and Communications</td> <td>\$75,000.00</td> <td>18.75%</td> </tr> <tr> <td>Total Expenditures</td> <td>\$400,000.00</td> <td>100.00%</td> </tr> <tr> <th>REVENUES</th> <td></td> <td></td> </tr> <tr> <td>Assessment Revenues</td> <td>\$370,001.30</td> <td>92.50%</td> </tr> <tr> <td>Other Revenues (1)</td> <td>\$29,998.70</td> <td>7.50%</td> </tr> <tr> <td>Total Revenues</td> <td>\$400,000.00</td> <td>100.00%</td> </tr> </tbody> </table> <p><i>Note 1: Other non-assessment funding to cover the cost associated with general benefit plus the lost revenue from the residential cap and non-profit reduction.</i></p>	EXPENDITURES	TOTAL BUDGET	% of Budget	Environmental Enhancements Downtown Ambassadors, Cleaning, Beautification and Placemaking	\$325,000.00	81.25%	Operations and Communications	\$75,000.00	18.75%	Total Expenditures	\$400,000.00	100.00%	REVENUES			Assessment Revenues	\$370,001.30	92.50%	Other Revenues (1)	\$29,998.70	7.50%	Total Revenues	\$400,000.00	100.00%
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<p>Cost</p>	<p>Annual assessments are based upon an allocation of program costs and a calculation of land square footage, building square footage, plus linear street frontage.</p> <p>Estimated annual maximum assessment rates for properties during the first year of the PBID are as follows:</p> <table border="1" data-bbox="431 1016 1409 1155"> <thead> <tr> <th>Estimated Annual Assessment Rates</th> <th>Lot + Building Sq.Ft.</th> <th>Linear Frontage (per foot)</th> </tr> </thead> <tbody> <tr> <td>All Land Uses</td> <td>\$0.0639</td> <td>\$ 9.8187</td> </tr> </tbody> </table>	Estimated Annual Assessment Rates	Lot + Building Sq.Ft.	Linear Frontage (per foot)	All Land Uses	\$0.0639	\$ 9.8187																		
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<p>Cap</p>	<p>Annual assessments may increase no more than 5% per year consistent with the increase in consumer price index (CPI) and increases in program costs. The determination of annual adjustments in assessment rates will be subject to the review and approval of the PBID board of directors. The board will develop annual budgets, and an independent audit will be performed each year.</p>																								
<p>City Services</p>	<p>The City of San Luis Obispo has provided an accounting of baseline services that are currently provided within the PBID boundary and will continue to provide.</p>																								
<p>Collection</p>	<p>PBID assessments appear as a separate line item on the annual County of San Luis Obispo property tax bills.</p>																								
<p>PBID Governance</p>	<p>Decisions related to the implementation of the Management Plan, including annual work programs, budgets and assessments, will be made by a new, PBID board of directors. Since Downtown will now have two improvement districts functioning concurrently, the following governance structure is proposed for Downtown SLO in order for these to function efficiently and in cooperation with each other:</p>																								

	<ul style="list-style-type: none">• A new PBID board of directors made up of property owners. A 5-9 member board is recommended, including representation from the following:<ul style="list-style-type: none">○ All geographic areas served by the PBID○ A variety of property types, including retail, office, hotel, and residential○ Both large and small property owners○ The City Manager and/or his/her designee• The existing BIA board of directors remains intact. This board is made up of Downtown business owners (some of which are also property owners), and currently contains 15 members.• A new Downtown SLO Executive Committee. This committee would contain several members of the PBID board and BIA board. It would meet periodically to provide oversight of overall Downtown SLO functions, ensuring coordination across both improvement districts.• Some of the existing Downtown SLO committees will need to remain (e.g., Farmers' Market), but others can be consolidated.
PBID Formation	California law for PBID district formation requires the submission of petitions signed by property owners in the proposed PBID who will pay more than 50% of the total assessments (i.e. petitions must represent more than 50% of the \$370,001.30 to be assessed). Petitions are submitted to the San Luis Obispo City Council and the City will mail ballots to all affected property owners. The majority of ballots returned, as weighted by assessments to be paid, must be in favor of the PBID in order for the City Council to consider approval.
Duration	Collection of the first year's assessments will be included in San Luis Obispo County's 2019-20 tax bill. Services will begin January 1, 2020 and continue through December 31, 2024. Any subsequent renewal of the PBID will require a new management plan, petition, and mail ballot process.

SECTION 2: WHY FORM THE PBID?

What is a PBID?

The International Downtown Association estimates that more than 1,000 property-based business improvement districts (PBID) currently operate throughout the United States and Canada. A PBID provides enhanced improvements and activities, such as public safety, maintenance and image enhancement, in addition to those provided by local government. PBIDs provide services that improve the overall viability of business districts, resulting in higher property values, sales and tax revenues. Since the creation of California's Property and Business Improvement District Law in 1994, more than 100 new PBIDs have been established in California downtowns and other commercial districts, including Los Angeles, Pasadena and Ventura.

In late 2017, a Downtown San Luis Obispo PBID Steering Committee evaluated the feasibility for establishing a PBID. With coordination from Downtown SLO, one-on-one and group meetings with area property owners, business owners, and residents found interest in and support for the PBID concept.

Key findings included:

1. Downtown is Changing:

- **Downtown has experienced positive growth**
 - Expanded footprint – downtown boundaries are very different now than in the 1970s; particularly its northeastward expansion along Monterey and Higuera Streets
 - New residents and jobs
 - Growing tech community
- **There are new challenges that have arrived with this growth**
 - A growing transient population
 - Nightlife nuisances
 - Cleanliness – Sidewalks, the creek; trash collection; Lack of consistency when it comes to this
 - Parking challenges – Both a real and perceived issue; keeps some people away; shifts with changes in mobility habits
- **Growing competition locally, regionally and nationally**
 - University Square for Cal Poly students nearby;
 - Several other communities (i.e., Paso Robles) regionally with improving downtowns
 - Shifting customer preferences and more online shopping; there is a need to keep experiences high-quality and authentic

2. Downtown is currently served by an outdated and overcapacity management model:

- **Downtown SLO is operating beyond its budget and original charge**
 - Downtown SLO was established in 1975 with the mission to foster an economically vibrant Downtown.
 - Ability to effectively market, promote, and manage downtown events and business promotions, but challenging to address many of the new issues arising Downtown.

- **City constraints**

- The City has obligations and responsibilities citywide; while Downtown is in need of direct focus due to issues discussed above.
- Challenging to move projects quickly in downtown, which in part results in lots of new development out by the airport.
- Lack of enforcement of aggressive panhandling

3. There is an opportunity to collaborate and move forward in a new way:

- **Downtown's issues require new approaches and services**

- Growing challenges with increasingly aggressive and illegal behaviors; cleanliness and maintenance concerns

- **City could benefit from a more sophisticated partner**

- Updated downtown management organization that can contribute to downtown's new and complex challenges
- So many potential improvements in the pipeline (Concept Plan, Mission Plaza) – how to maintain and operate all of these once completed

A new PBID designed for market conditions in 2019 and beyond could help Downtown confront its challenges moving forward, update its current management model, and establish a more sophisticated partnership between the Downtown organization and the City.

SECTION 3: PBID BOUNDARY

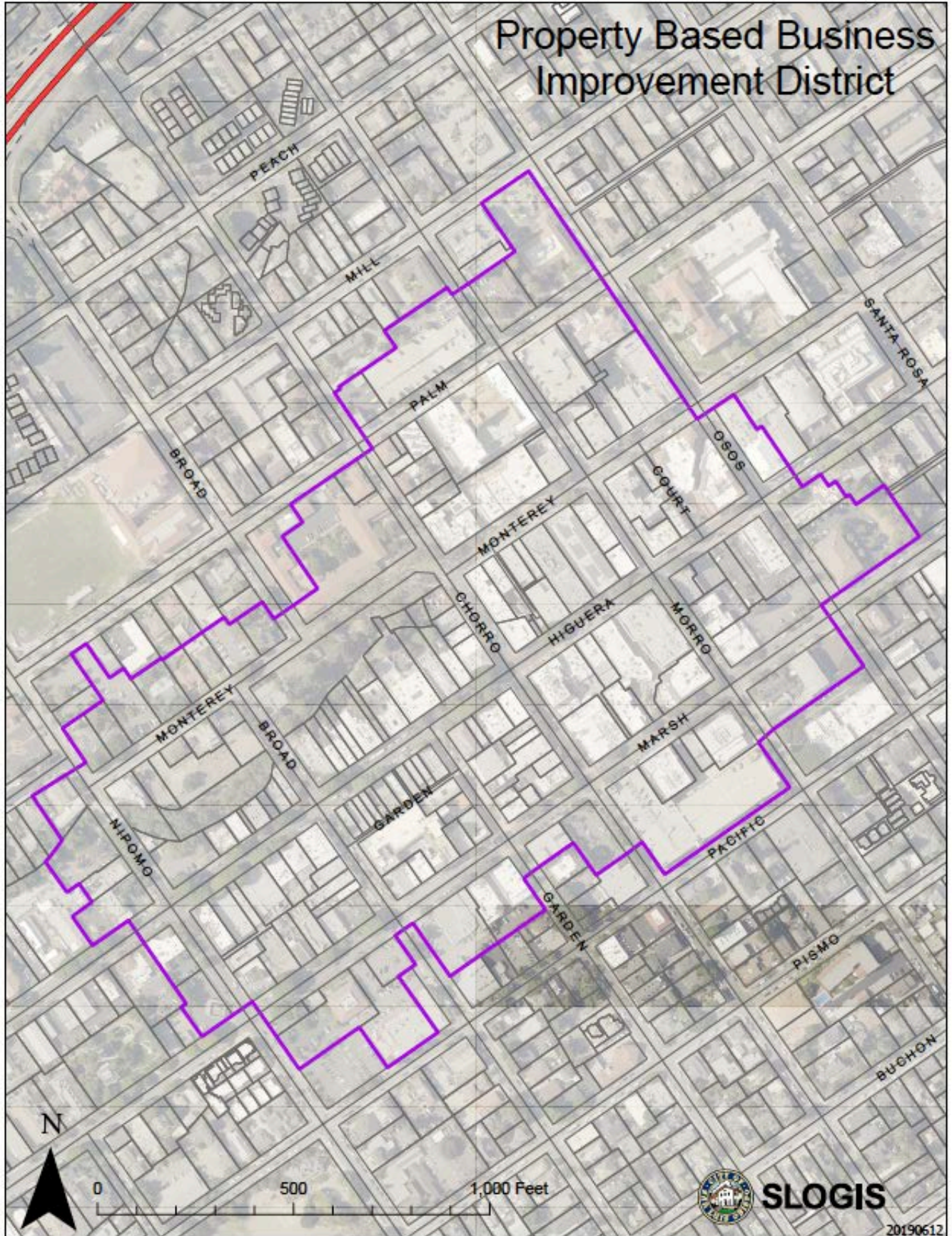
PBID Boundary

The PBID encompasses approximately 22 whole and partial blocks of Downtown San Luis Obispo. The district is concentrated along Monterey Street, Higuera Street and Marsh Street (from Nipomo Street to Osos Street); and Palm Street (from Chorro Street to Osos Street).

The PBID boundary contains the highest concentration of commercial uses in the downtown and the highest pedestrian counts. This area experiences the most intense foot traffic, and in turn, is where some of the cleanliness and safety issues are concentrated. It is therefore proposed that this area receive enhanced Ambassador and maintenance services above and beyond those already provided by the City.

A map of the proposed PBID boundary is on the following page.

Property Based Business Improvement District



SLOGIS

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SECTION 4: PBID ACTIVITY AND IMPROVEMENT PLAN

Background and Feasibility

As determined by area property and business owners, the top priority for services and activities within the Downtown San Luis Obispo PBID area include:

- Downtown Ambassadors
- Maintenance Services
- Beautification and Cosmetic Improvements

Based upon these findings, the following Environmental Enhancements will be funded by the PBID. The following narrative provides recommendations for the PBID's first year of operation. PBID activities may be amended in subsequent years within the following general categories. Final activities and budgets will be subject to the review and approval of the PBID Owners' Association prior to City Council approval.

Environmental Enhancements

To respond to stakeholder priorities and guiding principles to make Downtown San Luis Obispo more welcoming, clean and beautiful, the PBID will fund an expansion of the existing Ambassador program as well increased maintenance and beautification efforts. The PBID Environmental activities are intended to improve commerce and quality of life by making each individually assessed parcel safer, cleaner and more attractive, which will encourage investment dollars and generate additional pedestrian traffic.

In order to better understand how the proposed PBID services could be deployed downtown, Downtown SLO engaged Block by Block, a national Clean and Safe service provider that specializes in urban PBIDs (including downtown Oakland, Santa Monica and Long Beach), to provide a recommendation of how the clean and safe activities should be delivered downtown.

Based on their findings, the following is a multi-dimensional approach for providing a safer, cleaner and more aesthetically appealing downtown.

Downtown Ambassadors

Deter and Report

- Continually circulate through assigned zone on foot and bicycle to provide high visibility to deter illegal or threatening behaviors
- Report illegal and threatening activities, crimes or disturbances to Police for response
- Assist police by being "witness complainants" in cases involving Ambassadors

Quality of Life Crime Deterrence

- Ambassadors will engage people who are engaging in aggressive panhandling, to suggest and coordinate services.
- Document each engagement and activity to track the frequency of illegal and threatening behaviors to mobilize enforcement efforts of those people resisting services



Continual Engagement of the Homeless Population

- Continually circulate through the district to identify the population that is engaged in illegal or threatening behaviors
- Engage homeless people to build relationships and encourage assistance from social service providers to coordinate service delivery
- Triage the needs of homeless people to encourage appropriate services from provider agencies
- Document all interactions so that these individuals can be prioritized based on need

Safety Escorts

- Ambassadors can meet downtown employees or visitors at their location and escort them to their destination within the PBID boundary
- Pedestrians can request a safety escort by contacting the promoted number, which is the shared cell phone carried by on-duty staff members

Public Engagement & Hospitality

- Ambassadors will be a highly visible presence continually circulating throughout their assigned zones
- Ambassadors will engage visitors of the public with a friendly greeting and be very responsive to opportunities to provide directions, recommendations, or assistance
- Ambassadors ultimately will be one of the caring faces of Downtown

Reporting

Ambassadors document their activities and accomplishments in the field in order to track:

- All tasks to substantiate activity
- Incident Reports

Maintenance Services

Litter

Debris will be removed from sidewalks, alleys and street gutters. Debris includes: Loose trash | Cigarette butts | Sediment and loose rock

Weeds

Weeds will be removed from sidewalk cracks and building lines.

Isolated weeds will be pulled while Ambassadors are on manual cleaning patrol. Areas of widespread growth will be removed by using a weed eater.

Graffiti

Graffiti will be removed immediately upon identification from public fixtures such as light posts, utility boxes and signs using the least evasive methods possible. Our methods of graffiti removal include wiping with graffiti removal chemicals, scraping, painting, or power washing.

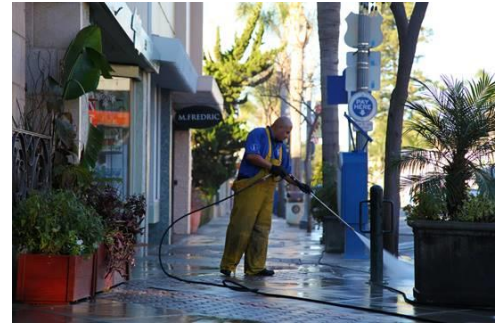
Attention to Detail

While on normal cleaning rounds Ambassadors will be trained to tend to nearly every detail they might encounter in the public right of way to include: damp wipe public fixtures, such as trash can lids, to create a clean appearance, damp wiping and inspecting the inside of fixed news rack corrals for litter and debris Inspecting free publication boxes to make sure litter or other items are not placed inside.

Power Washing

Block by Block will provide the following type of power washing:

- Regularly Scheduled Washing – The entirety of the district will be washed on a bi-annual basis
- Spot Washing – we will work to immediately address unsightly spills and stains in the district



Special Projects

Special projects will be initiated to tackle issues that are overlooked or items that can leave a lasting impression on stakeholders in the Downtown. Special project opportunities include: painting of street fixtures to include utility boxes, benches, light poles, etc, thorough cleaning of tree wells, power washing and repair of waste cans, and thorough scrubbing and cleaning of street fixtures.

Hospitality Services

All Ambassadors will be selected based on their willingness and ability to interact with the public. Once hired they will be trained and expected to recognize hospitality needs in order to provide a greeting, directions, recommendations, or to answer any question the public might have.

Based on the preceding recommendation of services, below is the estimated deployment schedule. However, every year the Owners' Association shall determine the actual deployment frequency.

All Season Deployment

Position	Zone	Task	Hours	Sun	Mon	Tues	Wed	Thurs	Fri	Sat	Total
Cleaning Ambassadors	All	Manual Cleaning	8am - 4:30pm	8	8			8	8	8	40
	All	Manual Cleaning	8am - 4:30pm	8						8	16
Safety Ambassadors	All	Safety Patrol	11:30am -8:00pm			8	8	8	8	8	40
	All	Safety Patrol	11:30am -8:00pm								0
Outreach	All	Outreach	8am - 4:30pm								0
Team Leader	All	Safety Patrol Lead	11:30am -8:00pm			8	8	8	8	8	40
Operations Manager	All	Working Manager	8am - 4:30pm		8	8	8	8	8		40
				16	16	24	24	32	32	32	
Total Scheduled Weekly Hours											176

- The Operations Manager serves supplements the Cleaning Ambassadors during the week
- There are two (2) Safety Ambassadors and one (1) Safety Team Lead that work Tuesday through Saturday evening.
- These hours are estimated, can be adjusted to address peak tourist season, special events and other circumstances.

Beautification & Placemaking

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

Operations & Communication

The Downtown San Luis Obispo PBID will be managed by a full-time staff that oversees the PBID's services and actively advocates on behalf of the PBID property owners to ensure that City and County services and policies support the PBID. The special benefit to parcels from these services is increased business revenue and tenant occupancy due to increased commercial activity and enhanced commerce in part due to the work of the management staff as stated above.

Also included in this budget item are costs to renew the PBID, conduct a yearly financial review, City fees, and uncollectible assessments.

SECTION 5: PBID ASSESSMENT BUDGET

2020 PBID Assessment Budget

The following table outlines the PBID maximum assessment budget for 2020.

EXPENDITURES	TOTAL BUDGET	% of Budget
Environmental Enhancements Downtown Ambassadors, Cleaning, Beautification and Placemaking	\$325,000.00	81.25%
Operations and Communications	\$75,000.00	18.75%
Total Expenditures	\$400,000.00	100.00%
REVENUES		
Assessment Revenues	\$370,001.30	92.50%
Other Revenues (1)	\$29,998.70	7.50%
Total Revenues	\$400,000.00	100.00%

(1) Other non-assessment funding to cover the cost associated with general benefit (\$10,000) plus lost residential and non-profit revenue (\$19,998.70).

Budget Adjustments

Annual assessments may increase no more than 5% per year, consistent with the increase in consumer price index (CPI) and/or other increases in program costs. The determination of annual adjustments in assessment rates will be subject to the review and approval of the board of the Owners' Association.

5-Year Maximum Budget

The following table illustrates the PBID's maximum annual budget for the 5-year life term, adjusting it by the maximum 5% inflation factor.

PBID ACTIVITY	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
Environmental Enhancements	\$325,000	\$341,250	\$358,313	\$376,228	\$395,040
Operations and Communications	\$75,000	\$78,750	\$82,688	\$86,822	\$91,163
TOTAL:	\$400,000	\$420,000	\$441,000	\$463,050	\$486,203

Bond Issuance

No bonds will be issued to finance improvements.

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.

Land Use Considerations

Single Family Residential: Owner-occupied single family residential and condominium properties specially benefit from the PBID activities but do not benefit to the same degree as commercial parcels. Single family residential parcels are not engaged in commercial or customer attraction activities. Since the PBID activities are designed to increase pedestrian traffic and potentially commercial activity they will not benefit residential parcels to the same degree as commercial parcels. To account for the special benefit the owner-occupied residential single family and condominiums parcels receive, their assessments will be capped at \$300 per parcel. The loss in assessment revenue attributed to the residential assessment cap will be funded from other privately funded sources and not through assessments levied against other parcels within the PBID. As of the date of this Report, there are 6 parcels that receive the residential cap:

002-412-011
002-412-013
002-412-014
002-412-015
002-416-007
003-521-001

The amount of assessment revenue lost due to the \$300 cap is \$7,916.24 and will be funded from sources other than assessments levied on other parcels. The \$300 cap is subject to the same annual increase up to 5% per year as determined by the Owner's Association. If at any time during the duration of the PBID the land use changes to something other than residential, the parcel will be subject to the full assessment based on the new land use.

Rental residential units (i.e. apartments, 5 units or greater) are considered income-producing commercial property and will be assessed at commercial rates, receiving full benefit from all PBID activities.

Non-Profit Parcels: Parcels that are owned and operated by a non-profit organization specially benefit from the PBID activities but do not benefit to the same degree as commercial parcels. These parcels are not engaged in commercial or customer attraction activities. Since the PBID activities are designed to increase pedestrian traffic and potentially commercial activity they will not benefit non-profit parcels to the same degree as commercial parcels. To account for the special benefit the non-profit parcels receive, their assessments will be reduced by 50%. The loss in assessment revenue attributed to this reduction will be funded from other privately funded sources and not through assessments levied against other parcels within the PBID. As of the date of this Report, there are 5 parcels that receive the non-profit reduction:

002-322-040 – the Mission
002-416-040 – the Mission
002-432-012 – the Mission
002-441-016 – First Presbyterian Church
003-527-019 – Masonic Hall

The amount of assessment revenue lost due to the 50% reduction is \$12,082.46 and will be funded from sources other than assessments levied on other parcels. The assessment at the 50% reduction is subject to the same annual increase up to 5% per year as determined by the Owner's Association. If at any time during the duration of the PBID the land use changes to something other than non-profit, the parcel will be subject to the full assessment based on the new land use.

Assessment Factors

Each parcel's proportional special benefit from the PBID activities is determined by analyzing three land use factors: Building Square Footage, Lot Square Footage, and Linear Street Frontage. These land use factors are an equitable way to identify the proportional special benefit that each of the parcels receive. Building square footage is relevant to the current use of a property and is also closely correlated to the potential pedestrian traffic from each parcel and the demand for PBID activities. A parcel's lot square footage reflects the long-term value implications of the improvement district. A parcel's linear street frontage is relevant to the street level usage of a parcel and the demand for PBID activities. Together, these land use factors serve as the basic unit of measure to calculate how much special benefit each parcel receives in relationship to the district as a whole, which is the basis to then proportionately allocate the cost of the special benefits.

Building square footage is defined as the total building square footage as determined by the outside measurements of a building. The gross building square footage is taken from the County of San Luis Obispo Assessor's records. Fifty percent (50%) of the assessment budget is allocated to the sum of building square footage plus lot square footage to account for the special benefit to each parcel's land uses, its residents, and tenants and the long term development potential.

Lot square footage is defined as the total amount of area within the boundaries of the parcel. The boundaries of a parcel are defined on the County Assessor parcel maps. Fifty percent (50%) of the assessment budget is allocated to the sum of building square footage plus lot square footage to account for the special benefit to each parcel's land uses, its residents, and tenants and the long-term development potential.

Linear street frontage is defined as the number of linear feet of each parcel that directly fronts a street that will receive the PBID activities. Corner parcels or whole block parcels will be assessed for the sum of all the parcels' street frontage. Fifty percent (50%) of the assessment budget is allocated to linear street frontage to account for the special benefit received at the street level of each parcel.

Special Benefit Analysis

All special benefits derived from the assessments outlined in this report are for property related activities 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, and that real property in general and the public at large do not share. No parcel's assessment shall be greater than the special benefits received.

Streets and Highways Code Section 36601(e) states that "Property and Business Assessment 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 that provide a cleaner, safer, and more attractive and economically vibrant environment as outlined in Section 4. The goal of improving the economic vitality is achieved by improving the safety, cleanliness, and economic vitality of each specially benefitted parcel in an effort to increase commerce, to increase building occupancy and revenues, and to attract more customers, employees, tenants, investors and residents.

Specifically, each parcel specially benefits from each of the PBID activities as defined below.

Environmental Activities

The enhanced downtown ambassadors, cleaning and beautification activities make the area safer and more attractive for businesses, customers, 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".¹ Once economic investment occurs within the district, pedestrian traffic and commercial activity will increase.

All parcels will specially benefit from these activities, such as:

- Increased security patrol to provide a higher level of safety to property, residents, customers, employees and visitors as they pass through the district;
- Enhancing safety patrols to deter illegal behaviors, such as vandalism and threatening behaviors;
- Connecting the homeless to available resources and/or social services;
- Removing graffiti from buildings to keep the aesthetic appeal uniform throughout the district;
- Maintaining sidewalks in front of each parcel creates a cohesive environment and allows pedestrians to move freely throughout the district. "Walkable communities offer many financial benefits, such as a reduction in healthcare costs. Homes with sidewalks tend to

¹ "Accelerating economic growth and vitality through smarter public safety management" IBM Global Business Services Executive Report, September 2012, pg. 2

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.”²

Special Benefit Conclusion

Based on the special benefits each assessed parcel receives from the PBID activities, we concluded that each of the proposed activities provides special benefits to the real property within the PBID, and that each parcel’s assessment is in direct relationship to and no greater than the special benefits received.

The special benefit to parcels from the proposed PBID activities and improvements described in this report is equal to or exceeds the total amount of the proposed assessment. Each individual assessed parcel’s assessment is no greater than 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 receive. 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 of the PBID

The PBID provides funds for activities and improvements that are designed and created to provide special benefits to each individually assessed parcel within the PBID. Each individual assessed parcel will specially benefit from the cleaner and safer public rights-of-way and, thus 100% of the benefits conferred on the parcels within the PBID are distinct and special in nature, and that there is no general benefit to these parcels.

General Benefit to Parcels Outside of the PBID

All the PBID activities and improvements are provided solely to each of the individual assessed parcels in the Downtown San Luis Obispo PBID boundary. Each of the PBID activities is provided to the public rights-of-way (streets, sidewalks) adjacent to all specially benefitted parcels in the PBID. None of the surrounding parcels will directly receive any of the PBID activities. Any benefits these 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 benefit.

General Benefit to the Public At Large

In addition to general benefit analysis to the parcels outside of the Downtown San Luis Obispo 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 Downtown San

² “Benefits of Sidewalks”, Iowa Healthiest State Initiative, November 1, 2017

Luis Obispo 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 we determine the percentage of each PBID activity budget that may benefit the general public. In this case, the environmental activities as well as the operation and communication activities may benefit the general public to some degree, as the general public may appreciate the enhanced level of maintenance and security as it passes through the district. To quantify this, we first determine a general benefit factor for the environmental activities. The general benefit factor is a unit of measure that compares the special benefit that the assessed parcels receive compared to the general benefit that the general public receives. To determine the general benefit factor, we used previous districts that conducted intercept surveys in San Francisco (Union Square and West Portal) and Los Angeles (Historic Downtown, Leimert Park, Arts District, Downtown Industrial, Fashion District, and Sherman Oaks). The intent of the surveys was to determine what percentage of the general public was just passing through the district without any intent to engage in commercial activity. The surveys concluded that on average 1.4% of the respondents were within the PBID boundary with no intent to engage in any business activity. Here, since the PBID is designed to promote a business and residential climate that encourages development, investment, and commerce, it follows that the benefits received by these pedestrians do not translate to a special benefit to the assessed parcels. In other words, based on the results of these surveys it is reasonable to conclude that 1.4% of environmental activities provide general benefits. However, to be conservative and to account for any variance in district type, size and services provided, we applied a 2.5% general public benefit factor to account for these variances. The general benefit factor is then multiplied by the PBID budget to determine the overall general. The following table illustrates this calculation.

Activity	A Budget Amount	B General Benefit Factor	C General Benefit Allocation (A x B)
PBID Budget	\$400,000	2.5%	\$10,000

This analysis indicates that \$10,000 of the PBID activities may be attributed to general benefit to the public at large, and must be raised from sources other than special assessments.

General Benefit Conclusion

Using the sum of the three measures of general benefit described above we find that \$10,000 or 2.5% of the total budget may be general in nature and will be funded from sources other than special assessments.

Assessment Calculation

To apportion the cost of the special benefits received from these services is in direct relationship to each lot square footage, building square footage and linear street frontage. Each land use characteristic and assessment factors are as follows:

Assessment Factors	Lot Sq.Ft.	Building Sq.Ft.	Linear Frontage
All Land Uses	1,818,072	1,233,720	19,860

Based on the parcel characteristics the following are the calculated rates for each assessment factor for fiscal year 2019/2020.

Estimated Annual Assessment Rates	Lot + Building Sq.Ft.	Linear Frontage (per foot)
All Land Uses	\$0.0639	\$ 9.8187

Sample Parcel Assessment

To calculate the assessment for a parcel with 10,000 square foot lot + building plus 50 linear feet, the calculation is as follows:

Lot + Building: 10,000 x \$0.0639 = \$639.00
 Linear Frontage: 50 x \$9.8187 = \$490.94
 TOTAL ASSESSMENT: \$1,129.94

To calculate the assessment for a non-profit parcel with 10,000 square foot lot + building plus 50 linear feet, the calculation is as follows:

Lot + Building: 10,000 x \$0.0639 = \$639.00
 Linear Frontage: 50 x \$9.8187 = \$490.94
 Subtotal: \$1,129.94
 TOTAL ASSESSMENT (50% reduction): \$564.97

The assessment calculation is the same for every parcel in the Downtown San Luis Obispo PBID respective of its land use.

Annual Assessment Adjustments

Budget Adjustment

Annual assessments may increase no more than 5% per year, consistent with the increase in consumer price index (CPI) and increases in program costs. The determination of annual adjustments in assessment rates will be subject to the review and approval of the Owners' Association of the Downtown San Luis Obispo PBID.

Time and Manner for Collecting Assessments

As provided by state law, the Downtown San Luis Obispo PBID assessment will appear as a separate line item on the annual San Luis Obispo County property tax bills, or by a special manual bill prepared by the PBID and either paid in one lump sum or in two equal installments. Laws for enforcement and collection of property taxes also apply to the PBID assessment.

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 establishes the PBID. Within this annual 30-day period, if the owners of real property who pay more than 50% 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 or not to disestablish the PBID.

Duration

Collection of the first year's assessments will be included in San Luis Obispo County's 2019-20 tax bill. Services will begin January 1, 2020 and continue through December 31, 2024. Any major modifications or new or increased assessments during the term of the PBID that are not consistent with the provisions of original Management District Plan will require a new mail ballot process.

Future Development

As a result of continued development, the district 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 district may then change upwards or downwards the amount of total footage assessment for these parcels, pursuant to Government Code 53750, will be prorated to the date they receive 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. If the assessment formula changes and causes an increase in assessments, then a Proposition 218 ballot will be required for approval of the formula changes.

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 PBID, 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 Assessment District legislation throughout the nation, California's "Property and Business Assessment 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 San Luis Obispo.

Downtown San Luis Obispo PBID

The Downtown San Luis Obispo PBID shall contract with a nonprofit organization that may act as the Owners' Association and governing board for the PBID. The role of the Owners' Association is consistent with similar PBIDs and management organizations throughout California and the nation. The Owners' Association determines budgets, assessment adjustments and monitors service delivery. As part of the Management Plan, the nonprofit organization oversees the delivery of day-to-day PBID activities.

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

Since Downtown will now have both the existing BIA and the new PBID functioning concurrently, the following governance structure is proposed for Downtown SLO in order for these to function efficiently and in cooperation with each other:

- A new PBID board of directors made up of property owners. A 5-9 member board is recommended, including representation from the following:
 - All geographic areas served by the PBID
 - A variety of property types, including retail, office, hotel, and residential
 - Both large and small property owners
 - The City Manager and/or his/her designee
 - The County Administrative Officer and/or his/her designee
- The existing BIA board of directors remains intact. This board is made up of Downtown business owners (some of which are also property owners), and currently contains 15 members.
- A new Downtown SLO Executive Committee. This committee would contain several members of the PBID board and BIA board. It would meet periodically to provide oversight of overall Downtown SLO functions, ensuring coordination across both improvement districts.
- Some of the existing Downtown SLO committees will need to remain (e.g., Farmers' Market), but others can be consolidated.

SECTION 8: IMPLEMENTATION TIMELINE

In order for the PBID to meet the start-up date of January 2020, the formation needs to adhere to the following schedule:

Formation Schedule	Dates
Petitions distributed to property owners	June 2019
City Council accepts petitions; adopts resolution of intention to consider establishment; sets a public hearing; accepts the Engineer's Report; authorizes the mailing of ballots	July 16, 2019
City Council holds public hearing and tabulates ballots	September 2, 2019
PBID organizational structure developed	Fall 2019
PBID services begin	January 2020