2025-2034



SUNRISE MARKETPLACE
PROPERTY AND BUSINESS IMPROVEMENT DISTRICT
MANAGEMENT DISTRICT PLAN

Prepared pursuant to the Property and Business Improvement District Law of 1994, Streets and Highways Code section 36600 et seq.

March 14, 2024

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Prepared by Civitas
www.civitasadvisors.com
(800)999-7781

I. OVERVIEW

The Property and Business Improvement District Law of 1994 (Str. & Hwy Code Sec. 36600 *et sec.*) (the "Law") permits cities to establish Property and Business Improvement Districts ("PBID"'s), and to levy assessments against real property in the PBID to fund improvements, maintenance and activities that provide special benefits to property in the PBID. A PBID is a program of a city but is often administered under contract by a local nonprofit organization.

This Management District Plan ("MDP") proposes a ten (10) year renewal pursuant to the Law for the existing Sunrise MarketPlace Property and Business Improvement District ("SMPPBID"). If the renewal is approved, the SMPPBID, which is currently scheduled to terminate on December 31, 2024, would be extended through December 31, 2034. This MDP would govern SMPPBID during the period from January 1, 2025, through December 31, 2034. If the renewal is approved, the City of Citrus Heights would continue to contract with Sunrise MarketPlace, Inc. to administer the SMPPBID program and provide the SMPPBID's activities and services.

Location: The SMPPBID is located in a regionally important commercial district of the City of Citrus Heights which includes several shopping centers, restaurants, retail and professional services. The boundary generally includes parcels along both sides of Sunrise Boulevard between Madison Avenue in the south and Arcadia Drive in the north; parcels along the east side of Sunrise Boulevard north of Arcadia Drive as depicted on the map parcels along both sides of Greenback Lane between Birdcage Street in the west and Fair Oaks Boulevard in the east. The boundaries of the SMPPBID are shown on the map on page 9. The SMPPBID is not divided into multiple benefit zones.

Purpose: The purpose of the SMPPBID is to provide marketing activities, maintenance, security, and improvements that convey special benefits to assessed parcels. The SMPPBID will provide district enhancement programs, economic development, and related policy development and administration directly and only to assessed parcels within its boundaries.

Budget: The SMPPBID annual assessment budget for the initial year of its ten-year renewal period is anticipated to be $882,637.95. The annual budget may be subject to an increase in assessment rates of no more than five percent (5%) per year. The assessment funds will be supplemented by non-assessment funds (such as grants and event income) so that the total budget for the initial year is estimated at $910,472.39.

Cost: The assessment rate (cost to the parcel owner) is based on parcel type and parcel size. The initial annual rate to each parcel is shown in the table below.

Parcel Type	Assessment Rate (per sq. ft.)
Retail	$0.07
Other Commercial	$0.045

Assessments will be collected annually on the County-administered property tax bill so, for example, the assessment for Calendar Year 2025 will be collected by the County on the 2024-2025 property tax bill, which has two equal installments payable in December 2024 and April 2025.

No bonds will be issued in connection with the SMPPBID.

Renewal: State law gives the City Council of the City of Citrus Heights discretion to extend the life of the SMPPBID beyond its currently proposed December 31, 2034, sunset. The Council cannot exercise its discretion to initiate proceedings to renew the SMPPBID unless it receives a petition for renewal from property owners who will pay more than 50 percent (50%) of the assessments proposed to be levied.

If the Council receives a petition and chooses to initiate renewal proceedings, the City will conduct a mail ballot protest proceeding as part of which, at least 45 days prior to the public hearing on renewal, a notice and ballot will be mailed to the owner of each parcel of real property subject to the assessment. If, as of the close of the public hearing, the number of ballots returned in opposition to renewal (weighted by the amount of the assessment upon the property for which the ballot is submitted) exceeds the number of ballots returned in support of renewal (also so weighted), then the Council may not renew the SMPPBID. This event is known as a majority protest. If there is no majority protest, then the City Council may decide to renew the SMPPBID.

Duration: This SMPPBID renewal will have a ten (10) year term, beginning January 1, 2025 and ending December 31, 2034. If the renewal is not approved, the current term of the SMPPBID will end December 31, 2024. If this renewal is approved, any further extension of the SMPPBID's life beyond 2034 will require another renewal proceeding.

Management: Sunrise MarketPlace, Inc. will continue to serve as the Owners' Association for the SMPPBID.

II. BACKGROUND

Formation

The City of Citrus Heights was incorporated in 1997. One of its first acts was to recommend creating a Property Based Business Improvement District (PBID) to address growing competition in the region and maintain the viability of the City's primary economic engine. City staff and property owners worked together to form the Sunrise MarketPlace PBID (SMPPBID). Property owners paying nearly 65% of the total annual assessment signed positive petitions to establish the District. Of those property owners who sent in signed ballots, 85% voted to establish the District.

First Term 2000 – 2004

The first PBID term was for five years (the maximum allowed by law at the time) and ran from 2000 through 2004. Assessment rates: properties zoned for retail: $.04 per square foot of land per year and business professional uses at: $.02. The annual budget of $495,000 was not increased throughout the first term. Boundaries included approximately 10 blocks in the City of Citrus Heights which includes an area around Sunrise Boulevard and Greenback Lane. Services included:

- *Identity and branding*- programs and marketing created a cohesive destination of hundreds of businesses. Installation of wayfinding signage and banners to note the physical boundaries of the District were installed.
- *Marketing: activities* included advertising, direct mail, website, and other means were utilized to promote businesses and drive traffic.
- *Special Events*- activities were implemented to create awareness and drive traffic to the District and create an emotional connection with consumers. The District hosted Billie Jean King's World Team Tennis (WTT) tournament from 2002 through 2005, which brought star players such as Andre Agassi, John McEnroe, and many others.
- *Market Research/Strategic Planning:* on-site intercept and telephone surveys were completed to obtain demographic and psychographic data.
- *Economic Development*- programs were launched in conjunction with the City and local brokers to retain and attract businesses.
- *Advocacy*- efforts were launched to promote business interests and allow the business community to speak with one voice.

Second Term 2005-2009

In 2005, the SMPPBID was renewed for a second term. Property owners paying nearly 70% of the total annual assessment signed positive petitions to establish the District. Of those property owners who sent in signed ballots, 64% voted to renew the District.

The second term was for five years (the maximum allowed by law at the time) and ran from 2000 through 2004. Assessment rates: properties zoned for retail: $.05 per square foot of land per year and business professional uses at: $.025. The annual budget of $625,000 was not increased throughout the second term. Boundaries and Services did not change with a primary focus on marketing and special events. The District hosted the World Team Tennis in 2006 featuring Anna Kournikova. In 2007/08, the SMPPBID worked with the City to develop a comprehensive, long-

term vision for the District. In 2008, "LocateinSMP" was launched to provide brokers with information and promote vacant spaces in the District.

Third Term 2010-2014

In 2010, the SMPPBID was renewed for a third term. Property owners paying 58% of the proposed assessment, signed positive petitions to renew the District. Of those property owners who sent in signed ballots, 92% voted to renew the District.

The third PBID term was for also for five years and ran from 2010 through 2014. Assessment rates were not increased: properties zoned for retail: $.05 per square foot of land per year and business professional uses at: $.025. The annual budget of $625,000 was not increased throughout the second term. Boundaries and Services did not change with a primary focus on large signature special events with the goal of reaching a broader audience and driving traffic to the District. The District hosted the WTT League from 2011 thru 2013 featuring star players such as Venus Williams and the Bryan Brothers. In 2012 and 2013, the SMPPBID hosted a multi-million-dollar concert series featuring talent such as Blondie, DEVO, America, Blue Oyster Cult and many others drawing nearly 25,000 to the District.

Fourth Term 2014-2021

In 2014, the SMPPBID was renewed for a fourth term. Property owners paying 53.6% of the proposed assessment, signed positive petitions to renew the District. Of those property owners who sent in signed ballots, 71% voted to renew the District.

In the fourth term, SMPPBID increased the term to seven years, running from 2014 through 2021. Assessment rates were also increased: properties zoned for retail: $.06 per square foot of land per year and business professional uses at: $.03. The annual budget of $753,000 was not increased throughout the second term. Boundaries and Services remained the same with an emphasis on special events and increased social media presence. In 2015, the District hosted World Team Tennis a final time featuring Serena Williams.

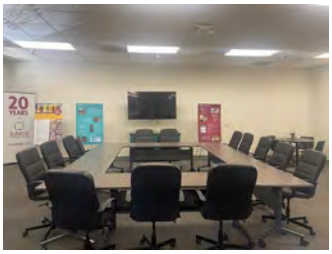
In 2016, the SMPPBID partnered with emergency service providers such as FEMA, OES, City of Citrus Heights, the police department, Sacramento Metro Fire, and many others to produce Dare to Prepare a comprehensive emergency preparedness event for the community. In 2019, the SMPPBID celebrated 20 years with a variety of events and promotions. In 2020, the SMPPBID contracted with the Citrus Heights Police Department for an officer dedicated to patrolling the District 40 hours per week. The SMPPBID also provided support for business and property owners in response to COVID related business impacts. Support included: PPE, signage, social distancing materials and additional marketing.

Fifth Term 2021-2024

In 2021, the SMPPBID was renewed for a fifth term. Property owners paying 60.16% of the proposed assessment, signed positive petitions to renew the District. A total of 44 ballots were received representing $458,427 in assessments. Of those, 40 ballots, representing $443,962 in assessments, voted YES to renew the PBID. Four ballots, representing $14,464 in assessments, voted NO; 96% of ballots voted to renew the District.

In the fifth (current) term, the City of Citrus Heights authorized a term of three (3) years, running from January 1, 2022 through December 31, 2024. Assessment rates were as follows: properties zoned for retail: $.0669 per square foot of land per year and business professional uses at: $.0369. The annual assessment budget was estimated at $847,420. Boundaries and Services remained the same with an emphasis on special events and increased social media presence.

The SMPPBID is in the second year of its three-year term. In this term, the SMPPBID added clean and safe programs: public safety and maintenance while continuing marketing, special events, economic development, and advocacy programs. In 2022, SMP moved their office to a new location in the Greenfaire Village shopping center at the NW corner of Fair Oaks and Greenback. The new office features a well-equipped conference room that District business and property owners may utilize for meetings.



To protect our businesses, their employees, and consumers, we contract with the Citrus Heights Police Department for a dedicated on-duty police officer to patrol the District. Additionally, the District contracts with Nor-Cal, private armed security, to assist the officer and provide coverage when the officer is off duty. In 2022, Nor-Cal responded to 1,008 incidents and handled 620 transient interactions. Together, the dedicated officer and Nor-Cal have prevented dozens of thefts and recovered thousands of dollars in merchandise. Having consistent security also prevents homeless camps from taking root. SMP monitors the area for issues. In 2023, after businesses experienced problems with large trucks parking on the street in front of their storefronts, we requested an ordinance to regulate the parking. The ordinance was approved and is now active. SMP is currently working with the City on an illegal dumping ordinance.

The District provides services aimed at keeping the area clean, safe, and attractive**.** We work closely with the City's beautification team to maintain the integrity of the public areas. As an added layer of maintenance, SMP provides janitorial porter service Monday through Friday. The porter picks up and returns abandoned shopping carts, cleans graffiti, removes illegally dumped items, and picks up debris throughout the District. From April 2022 through April 2023, the porter picked up 700 bags of trash, removed 300 dumped items, returned 1,251 shopping carts and removed 178 graffiti tags.







Businesses benefit from a regular schedule of advertising, including robust social media advertising and active Facebook and Instagram pages. We've given away $15,000 in gift cards to our businesses.

Businesses are also promoted on our website and social media sites. We push out information to our list of 10,000 consumers. Additionally, we promote business-related events, grand openings and promotions. We host events throughout the year driving traffic to the District and we support and sponsor our business and shopping center events. One of our largest events, Brews in the Burbs, draws nearly 1,000 people to the area. Magical Moments events draw crowds during the Holiday Season. Promotional giveaways also bring consumers to the District.







SMPPBID funds are utilized to create an attractive and inviting physical environment. Colorful banners, vibrant holiday décor, palm-tree lights, public art, and other wayfinding elements foster a strong sense of destination. The District is home to several colorful art-wrapped utility boxes via our Masterpieces in the MarketPlace project. The boxes create a public art gallery and introduce masters such as Van Gogh, Renoir, Monet and others to consumers and residents. The District also boasts several murals with SMPPBID providing mural grants to interested businesses.







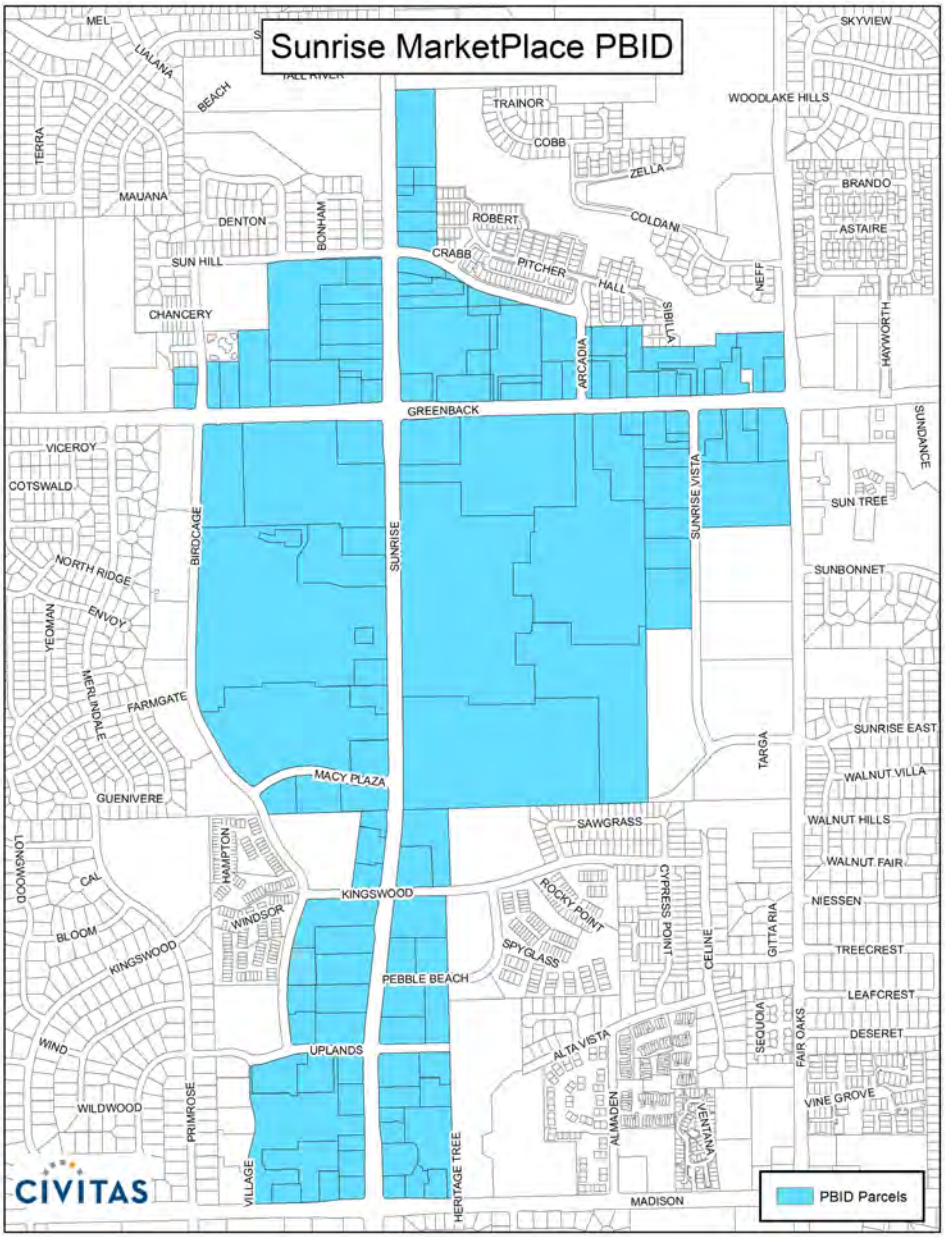
SMP LEVERAGES ASSESSMENT FOR ADDITIONAL FUNDING

The District is funded through a portion of property taxes equaling $836,000. Staff leveraged this assessment to obtain grants. In 2022, SMP received $100,000 in American Rescue Plan funds from the County and a $5,000 public art grant from the City of Citrus Heights. In 2023, SMP has received two grants from SMUD totaling $30,000, a Sacramento County Grant of $10,000 and City art grant of $20,000.

III. BOUNDARIES

The exact boundaries of the SMPPBID are shown on the map on the next page, and a more detailed map is included as Appendix 5 to this MDP. The boundary generally includes parcels along both sides of Sunrise Boulevard between Madison Avenue in the south and Arcadia Drive in the north; parcels along the east side of Sunrise Boulevard north of Arcadia Drive as depicted on the map parcels along both sides of Greenback Lane between Birdcage Street in the west and Fair Oaks Boulevard in the east. However, the map below governs which parcels are included in the SMPPBID.

The service area currently includes one-hundred and thirty-eight (138) assessed properties and seventy-two (72) property owners.



IV. SERVICE PLAN & BUDGET

A. Improvements, Maintenance and Activities

The SMPPBID will provide supplemental improvements, maintenance and activities that are customarily above and beyond those provided by the City and other government agencies. The improvements, maintenance, and activities will be provided directly and only to assessed parcels; they will not be provided to parcels that are not assessed. The types of improvements, maintenance, and activities described below will be provided in each of the three years of the renewal term.

1. District Enhancement Program

The District Enhancement Program will promote and provide improvements, maintenance, and activities to assessed properties through the implementation of three sub-programs: marketing & special events, public safety, and public area improvements. A description of each sub-program is provided below:

Marketing & Special Events

The SMPPBID will market the District to its primary trade zone, which includes those areas immediately adjacent to the SMPPBID (Orangevale, Fair Oaks, Carmichael, Antelope, North Highlands and the unincorporated County). The marketing program will create awareness for the District and its businesses, positioning SMP as an attractive, convenient, added-value shopping and business destination. The SMPPBID will utilize a variety of digital platforms such as Facebook and Instagram, fostering loyalty and engagement with consumers for District businesses. The SMPPBID will create awareness for all businesses on the website directory. The website will also host information on special events, promotions and contests. The SMPPBID will work with digital media companies to specifically target geographic and demographically desirable consumers.

Signage, collateral material (fliers and brochures) will be utilized to promote the area. Additionally, all businesses and their events are included on the website. The SMPPBID will monitor the effectiveness of digital programs via monthly analytics including website traffic, time spent on site, pages visited, etc. Analytics for social media will be collected and analyzed including Facebook and Instagram followers, likes, shares, and comments. This information will be used to fine-tune or make changes to improve programs. The SMPPBID may also execute Market Research projects to understand the demographic (age, gender, education, income) and psychographic (spending habits, interests, event/entertainment preferences) information of its consumers. This information will primarily be utilized internally to craft programs and services that will be attractive to SMPPBID consumers. Market Research will also be made available to District property and business owners to support their own marketing efforts.

Special events will be an important pillar of SMPPBID programs. Events create positive awareness, drive traffic to the area and cultivate a positive emotional connection with customers. Industry research has shown that people look for experiences when patronizing businesses and shopping centers. These will include both small and larger signature events; along with sponsorship of third-party events and events hosted by businesses within the SMPPBID.

Clean and Safe

The SMPPBID will fund security services that will focus on making the District a safer place to do business. Security services may include dedicated patrols by officers of the Citrus Heights Police Department or supplemental private security patrols. A regular patrol schedule will be established to serve properties throughout the District. The schedule will take into consideration those times of day in which incidents are most likely to occur. The patrol will seek to serve as both a deterrent by creating a visible presence, and a respondent to incidences that occur. These services may include, but are not limited to, a security navigator, lot cops, drones and bait material.

Maintenance services on both public and private property will keep the District free of abandoned shopping carts, trash, illegally dumped items, and graffiti. A porter services the District for several hours a week.

Public Area Improvements

Sunrise MarketPlace Inc. has leveraged the SMPPBID to generate more than $5 million of public area signage and improvements over the life of the SMPPBID. SMP will continue to work with the City to ensure the public areas remain well-groomed and attractive. The SMPPBID may also partner with local and regional organizations to facilitate public and private area improvement projects. Festive street banners promoting District attributes, entryway and wayfinding signage will be maintained.

Holiday décor will continue to accompany holiday events to create a desirable shopping destination for the important holiday season. The SMPPBID will continue to partner with SMUD rolling out additional phases of "MasterPieces in the MarketPlace"- District utility boxes wrapped in both local and famous works of art. SMPPBID will assist businesses that wish to have a mural on site with funding. Public art will become a vital part of the District

2. Economic Development

Economic development activities will be aimed at attracting and retaining tenants. Efforts will also be undertaken to work with the City on programs and vision plans that promote the needs of assessed parcels. SMP may also include Strategic Planning and Visioning for the overall benefit of the SMPPBID. Sunrise MarketPlace Inc. launched LocateinSMP as a focus on business retention and recruitment. SMP will continue to work closely with property owners and the broker community to promote vacancies and developments in the SMPPBID. Staff will continue to work closely with business and property owners, assisting in the planning and entitlement phase of projects as well as supporting potential tenant negotiations.

The SMPPBID will conduct Economic development activities which will include primarily business retention and attraction activities. These will include assisting new businesses and developers through the planning and entitlement process and other needs to provide for a smooth opening. The SMPPBID will act as a liaison between businesses and the City, Fire and Police Departments to help resolve issues code enforcement disputes, signage and use restrictions.

The SMPPBID will provide information and resources including market research to brokers and developers interested in the District through the LocateinSMP program. The SMPPBID will work with the City on zoning and signage to ensure a business and developer-friendly environment to encourage new businesses to open and existing owners to invest in their properties.

3. Administration and Policy Development

The administration portion of the budget will be utilized for administrative costs associated with providing the services. Those costs may include rent, telephone charges, legal fees, accounting fees, postage, administrative staff, insurance, and other general office expenses. The SMPPBID will provide alerts regarding, city, region and state news affecting business and property owners. Staff will continue to assist business and property owners with issues ranging from public safety to signage. SMP will continue to host seminars with the Secret Service, CHPD, FBI, marketing experts and others.

4. Contingency/Reserve

The budget includes a contingency line item to account for uncollected assessments, if any. If there are contingency funds collected, they may be held in a reserve fund or utilized for other program, administration or renewal costs at the discretion of the Owners' Association. Policies relating to contributions to the reserve fund, the target amount of the reserve fund, and expenditure of monies from the reserve fund shall be set by the Board of Directors of the Owners' Association. The reserve fund may be used for the costs of renewing the SMPPBID.

B. Annual Assessment Budget

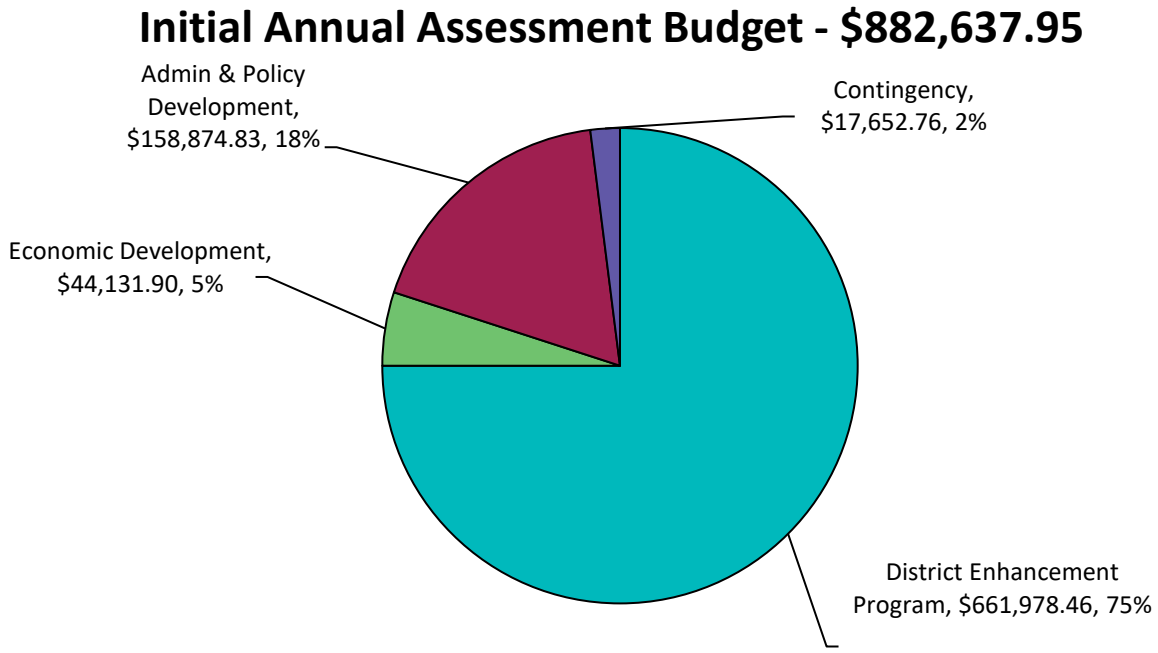
A projected ten (10) year budget for the SMPPBID is provided below. The overall budget will remain consistent with this MDP. In the event of a legal challenge, assessment funds may be used to defend the SMPPBID. The annual budget is based on the following assumptions and guidelines:

1. The cost of providing improvements, maintenance, and activities may vary depending upon the market cost for those improvements, maintenance, and activities. Expenditures may require adjustment up or down to continue the intended level of improvements, maintenance, and activities. The Board of Directors of Sunrise MarketPlace Inc. shall annually have the ability to re-allocate up to fifteen percent (15%) of the budget allocation by the total budget per year. Any change will be approved by the Board of Directors of Sunrise MarketPlace Inc. and submitted with the Annual Report.
2. Funds not spent in any given year may be rolled over to the next year.
3. The assessment rate may be subject to annual increases that will not exceed five percent (5%) per year. Increases will be determined by the Board of Directors of Sunrise MarketPlace and will vary each year. The projections below illustrate the maximum annual five percent (5%) increase for all budget items.
4. Each budget category includes all costs related to providing that improvement, maintenance, or activity. For example, the economic development budget includes the cost of staff time dedicated to overseeing and implementing the economic development programs. Staff time dedicated purely to administrative tasks is allocated to the administration and policy development portion of the budget. The costs of an individual staff member may be allocated to multiple budget categories. The staffing levels necessary to provide the SMPPBID improvements, maintenance, and activities will be determined by the Board of Directors of Sunrise MarketPlace Inc. on an as-needed basis.

C. Assessment Budget

The total improvement, maintenance, and activity budget for 2025 is $910,472.39, of which the amount funded by property assessments is $882,637.95. In addition to the assessment revenue, the programs will be supplemented by non-assessed funds. The total of non-assessment funds, and the

determination of special and general benefit, is included in the Engineer's Report. The total of assessment and non-assessment funds is provided in Appendix 4. Below is an illustration of the estimated total budget allocations for each budget category for the initial year of the SMPPBID. The allocation of the assessment funds is governed by Section E. Non-assessment funds may be shifted between budget categories as needed by the Board of Directors of Sunrise MarketPlace Inc.



D. Annual Budget

If there are no changes to the categorical assessment budget allocations, below is a ten (10) year estimated annual projection of the budget. The following table lists the improvements, maintenance and activities proposed for each year of operation of the District and the estimated maximum costs thereof, if maximum assessment increases are not adopted pursuant to this Plan.

Year	District Enhancement Programs	Economic Development	Admin & Policy Development	Contingency	Total
2025	$661,978.46	$44,131.90	$158,874.83	$17,652.76	$882,637.95
2026	$661,978.46	$44,131.90	$158,874.83	$17,652.76	$882,637.95
2027	$661,978.46	$44,131.90	$158,874.83	$17,652.76	$882,637.95
2028	$661,978.46	$44,131.90	$158,874.83	$17,652.76	$882,637.95
2029	$661,978.46	$44,131.90	$158,874.83	$17,652.76	$882,637.95
2030	$661,978.46	$44,131.90	$158,874.83	$17,652.76	$882,637.95
2031	$661,978.46	$44,131.90	$158,874.83	$17,652.76	$882,637.95
2032	$661,978.46	$44,131.90	$158,874.83	$17,652.76	$882,637.95
2033	$661,978.46	$44,131.90	$158,874.83	$17,652.76	$882,637.95
2034	$661,978.46	$44,131.90	$158,874.83	$17,652.76	$882,637.95
Total	$6,619,785	$441,319	$1,588,748	$176,528	$8,826,380

The budget below assumes the maximum annual increase of up to five percent (5%) is enacted and that there are no changes to the categorical budget allocations.

Year	District Enhancement Programs	Economic Development	Admin & Policy Development	Contingency	Total
2025	$661,978.46	$44,131.90	$158,874.83	$17,652.76	$882,637.95
2026	$695,077.38	$46,338.50	$166,818.57	$18,535.40	$926,769.85
2027	$729,831.25	$48,655.42	$175,159.50	$19,462.17	$973,108.34
2028	$766,322.81	$51,088.19	$183,917.48	$20,435.28	$1,021,763.76
2029	$804,638.96	$53,642.60	$193,113.35	$21,457.04	$1,072,851.95
2030	$844,870.90	$56,324.73	$202,769.02	$22,529.89	$1,126,494.54
2031	$887,114.45	$59,140.97	$212,907.47	$23,656.39	$1,182,819.28
2032	$931,470.17	$62,098.02	$223,552.84	$24,839.21	$1,241,960.24
2033	$978,043.68	$65,202.92	$234,730.48	$26,081.17	$1,304,058.25
2034	$1,026,945.86	$68,463.06	$246,467.01	$27,385.22	$1,369,261.15
Total	$8,326,293.92	$555,086.31	$1,998,310.55	$222,034.53	$11,101,725.31

V. GOVERNANCE

A. Owners' Association

The District shall continue to be governed by Sunrise MarketPlace Inc., with oversight from the Citrus Heights City Council. Sunrise MarketPlace Inc. will serve as the Owners' Association described in the Streets and Highways Code §36651. The Board of Directors of Sunrise MarketPlace Inc. and its staff are charged with the day-to-day operations of the SMPPBID.

A majority of the Board of Directors of Sunrise MarketPlace Inc. must be parcel owners paying the assessment.

B. Brown Act & Public Records Act Compliance

An Owners' Association is a private entity and may not be considered a public entity for any purpose, nor may members of its Board of Directors or staff be considered to be public officials for any purpose. The Owners' Association is, however, subject to government regulations relating to transparency, namely the Ralph M. Brown Act and the California Public Records Act. These regulations are designed to promote public accountability. The Owners' Association must act as a legislative body under the Ralph M. Brown Act (Government Code §54950 et seq.). Thus, meetings of the Sunrise MarketPlace Inc. Board of Directors and certain committees must be held in compliance with the public notice and other requirements of the Brown Act. The Owners' Association is also subject to the record-keeping and disclosure requirements of the California Public Records Act.

C. Annual Report

Sunrise MarketPlace Inc. shall present an annual report at the end of each year of operation to the City Council pursuant to Streets and Highways Code §36650 (see Appendix 2). The annual report must include:

1. Any proposed changes in the boundaries of the SMPPBID or in any benefit zones or classification of property within the district;
2. The improvements, maintenance, and activities to be provided for that fiscal year;
3. The estimated cost of providing the improvements, maintenance, and activities to be provided for that fiscal year;
4. The method and basis of levying the assessment in sufficient detail to allow each real property owner to estimate the amount of the assessment to be levied against his or her property for that fiscal year;
5. The estimated amount of any surplus or deficit revenues to be carried over from a previous fiscal year; and
6. The estimated amount of any contributions to be made from sources other than assessments levied pursuant to this MDP.

VI. ENGINEER'S REPORT

I. ENGINEER'S REPORT

The SMPPBID's parcel assessments will be imposed in accordance with the provisions of Article XIII D of the California Constitution. Article XIII D provides that "only special benefits are assessable,"[1] and requires the City to "separate the general benefits from the special benefits conferred on a parcel."[2] Special benefits are a "particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public-at-large."[3] Conversely, a general benefit is "conferred on real property located in the district or to the public-at-large."[4] Assessment law also mandates that "no assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."[5]

The Engineer determined the total cost of the improvements, maintenance and activities, quantified the general benefit accruing to the public-at-large and non-assessed parcels adjacent to and within the District, and separated that amount from the special benefit accruing to the assessed parcels. Then, the Engineer determined the proportional special benefit derived by each parcel and allocated the special benefit value of the improvements, maintenance, and activities accordingly. The Engineer's determinations and detailed calculations are summarized in this report.

A. Separation of General and Special Benefits

Each of the improvements, maintenance and activities, and the associated costs and assessments within the SMPPBID, were reviewed, identified, and allocated based on special and general benefits pursuant to Article XIII D of the California Constitution. The assessment has been apportioned based on the proportional special benefits conferred to the assessed parcels located within the SMPPBID boundaries as determined below.

1. General Benefits

The California Constitution mandates that "only special benefits are assessable, and an agency shall separate the general benefits from the special benefits."[6] "Generally, this separation and quantification of general and special benefits must be accomplished by apportioning the cost of a service or improvement between the two and assessing property owners only for the portion of the cost representing special benefits."[7] The first step that must be undertaken to separate general and special benefits provided by the PBID's improvements, maintenance and activities is to identify and quantify the general benefits.

i. <u>General Benefit to the Public-at-Large</u>

Although the improvements, maintenance, and activities are narrowly designed and carefully implemented to specially benefit the assessed parcels, and are only provided directly to assessed parcels, they will generate a general benefit to the public-at-large within the SMPPBID. State law indicates that "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."[8]

1 Cal. Const., art. XIII D, §4(a)
2 Cal. Const., art. XIII D, §4(a)
3 Id, §2(i)
4 Cal Const., art XIII D §2(i)
5 Cal. Const., art. XIII D, §4(a)
6 Cal. Const., art XIII D §4(a)
7 Golden Hill Neighborhood Association v. City of San Diego (2011) 199 Cal.App.4th 416
8 Streets and Highways Code section 36601(h)(2)

However, "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."[9] Further, "the value of any incidental 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."[10]

To quantify the amount of general benefit to the public-at-large, an intercept survey was conducted in the SMPPBID boundary in 2019 to determine the reasons why members of the public were present within SMPPBID boundaries[11]. Those members of the public who were within the SMPPBID to conduct some sort of business, or were likely to conduct some sort of business, on assessed parcels (shopping, dining, personal business) are considered special benefit. Those members of the public who were merely passing through, and not conducting or likely to conduct any sort of business on assessed parcels, are considered general benefit. Based on the information collected in this intercept survey, it is estimated that 1.3% of the benefit created by the SMPPBID improvements, maintenance, and activities is provided to the public-at-large. To ensure that the assessment dollars do not fund general benefits to the public-at-large, that portion of the cost of services will be paid for with funds not obtained through assessments. Out of an abundance of caution, the 1.3% figure was rounded to 2% for the purposes of this Engineers Report. Using the 2% figure, the value of general benefit to the public-at-large is estimated to be $18,209.45. ($910,472.39 * 2.0%).

ii. General Benefit to Non-Assessed Parcels

Although they are only provided directly to the assessed parcels, the SMPPBID's improvements, maintenance, and activities may also confer general benefits upon non-assessed parcels within and surrounding the SMPPBID. The California Court of Appeal has found that "services specifically intended for assessed parcels concomitantly confer collateral general benefits to surrounding properties."[12] It is reasonable to conclude that improvements, maintenance, and activities within the SMPPBID will have an incidental impact on non- assessed parcels surrounding or within the SMPPBID boundaries. Although the legislature has indicated that "the value of any incidental 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,"[13] the California Court of Appeals has noted that "the characterization of a benefit may depend on whether the parcel receives a direct advantage from the improvement…or receives an indirect, derivative advantage resulting from the overall public benefits of the improvement."[14] Those derivative and indirect impacts are considered general benefits and will be quantified and separated.

In this Engineer's opinion, because improvements, maintenance, and activities are provided only within the SMPPBID and on its perimeter, parcels separated from the SMPPBID by either at least one intervening parcel or an impassable physical barrier such as a wall, freeway, or ditch will not receive spill over benefits. Parcels separated from the SMPPBID will not benefit because they are physically removed from the actual

9 Ibid
10 Streets and Highways Code Section 36622(k)(2)
11 SMP Intercept Survey (Dec 2019)
12 Beutz v. Riverside (2010) 184 Cal.App.4th 1516
13 Streets and Highways Code section 36622(k)(2)
14 Tiburon v. Bonander (2009) 180 Cal.App.4th 1057, 1077

location of improvements, maintenance, and activities provided, and do not face serviced parcels. Therefore, this analysis considers non-assessed parcels within the SMPPBID's boundaries and surrounding parcels that are immediately adjacent to and accessible from the SMPPBID's boundaries.

The total SMPPBID improvements, maintenance, and activities budget for the initial year of renewal is $910,472.39. After reducing the improvements, maintenance, and activities budget by the general benefit to the public-at-large ($18,209.45), the remaining benefit to parcels is $892,262.94. This benefit has been distributed to both assessed and non-assessed parcels using the following methodology. The general benefit to the public-at-large has been proportionally allocated to the SMPPBID's improvements, maintenance, and activities categories as shown in the following table.

Category	Benefit to Parcels	Benefit to Public-at-Large	Total
District Enhancement Programs	$669,288.62	$13,658.95	$682,947.57
Economic Development	$44,521.73	$908.61	$45,430.34
Administration & Policy Development	$160,607.33	$3,277.70	$163,885.03
Contingency	$17,845.26	$364.19	$18,209.45
Total	**$892,262.94**	**$18,209.45**	**$910,472.39**

To determine the general benefit to parcels, the Engineer assigned each parcel group a benefit factor, determined the appropriate parcel characteristic to use in the calculation, multiplied the benefit factor by the benefit characteristic to determine the benefit units attributable to each parcel group, and apportioned the remaining service cost (service cost minus general benefit to the public) in accordance with the benefit units derived by each parcel group.

i. Benefit Factors

All parcels within and adjacent to the SMPPBID have been assigned a benefit factor to mathematically represent the proportional special and general benefit and quantify the value of each. The determination of benefit factors for each type of improvement, maintenance, and activity follows.

Improvements

The improvements to be provided by the SMPPBID provide two types of special benefits:

- *Improvement* – The primary special benefit provided by the SMPPBID's improvements is the improvements themselves, which are available to tenants and customers of assessed parcels.
- *Proximity* – The SMPPBID's improvements also provide the special benefit of being in proximity to a parcel that is benefitting from an improvement, as parcels will enjoy the spillover benefits of neighboring parcels utilizing the improvements.

The majority of the benefit is the improvements themselves; proximity is a lesser benefit. It is this Engineer's estimation that eighty-five percent (85%) of the special benefit from the SMPPBID's improvements is the improvement, while the proximity special benefit accounts for fifteen percent (15%) of the special benefit. Assessed parcels will receive both benefits; non-assessed parcels within and adjacent to the SMPPBID will not be directly improved, and therefore only receive the general benefit of proximity.

Tangible Activities

The tangible activities (those that are physically provided via a person or people working throughout the district) to be provided by the SMPPBID generate three types of special benefits:

- *Service* – The primary special benefit provided by the SMPPBID's physical activities is the actual service. That is, the actual cleanliness and safety created by security and maintenance clean and safe personnel.
- *Presence* – The SMPPBID's physical activities also provide the special benefit of an individual's presence on the assessed parcel as the activities are provided, which can have a deterrent effect and creates a positive impression that the area is well-maintained and safe. The "Disneyland effect" is the benefit the parcels receive from the observation that parcels are being maintained. There are studies which link the perception of cleanliness to a perception of increased security.
- *Proximity* – The SMPPBID's physical activities also provide the special benefit of being in proximity to a cleaner, safer parcel. Neighboring parcels enjoy the spillover benefits of being adjacent to increased safety and cleanliness.

The majority of the benefit received by the parcels is the results of the SMPPBID's services; onsite presence and proximity are lesser benefits. It is this Engineer's estimation that seventy-five percent (75%) of the special benefit from the SMPPBID's physical activities is the service, while the presence and proximity benefits each account for twelve and one-half percent (12.5% presence, 12.5% proximity) of the special benefit. Assessed parcels will receive all three benefits; non-assessed parcels within and adjacent to the District will not be directly serviced and therefore only receive the general benefit of proximity.

Intangible Activities

Some of the SMPPBID's activities, such as marketing, are distinct in that they are not provided to a targeted area within the SMPPBID, rather they are provided via internet, radio, and other forms of media and targeted at an audience outside the SMPPBID in an effort to bring the audience into the SMPPBID. These activities provide the special benefits of promotion:

- *Direct Promotion* – The primary special benefit provided by the SMPPBID's intangible activities is promotion. The intangible activities increase awareness of the SMPPBID as a commercial and business destination and lead to increased patronage.

Factors Determined

Based on the foregoing analysis, all assessed parcels within the SMPPBID specially benefit from the SMPPBID's activities and improvements, and have been assigned a benefit factor of 1.0. Parcels that are not assessed have been assigned benefit factors based on the portion of the benefit they will receive, as described above. Instead, the non-assessed parcels will benefit from twelve and one-half percent (12.5%) of the tangible activities and ten percent (10%) of the intangible activities; therefore, they have been assigned benefit factors of 0.125 and 0.10 respectively.

ii. Non-Assessed Benefit Characteristics

There are two types of parcels that are not assessed; those within the SMPPBID and those immediately adjacent to and accessible from the SMPPBID. Because they generally benefit in a differing manner, distinct parcel characteristics are used to quantify the general benefit to each type.

- *Inside* – Non-assessed parcels inside of the SMPPBID are surrounded by parcels that are assessed and receiving the full special benefits; they will, therefore, receive the general benefit of proximity. These parcels are impacted on more than one side by the SMPPBID's improvements, maintenance, and activities and improvements are provided all around them. Because these parcels are surrounded by specially benefitted parcels, it is appropriate that parcel square footage be used to measure the general benefit they receive.
- *Adjacent* – Adjacent parcels are those that are immediately adjacent to or directly across the street from specially benefitted parcels, and accessible from specially benefitted parcels. These parcels generally benefit differently than those inside the SMPPBID, because these parcels are adjacent to, rather than surrounded by, specially benefitted parcels. Square footage is not an appropriate measure of benefit to these parcels. Because the parcels are not surrounded by serviced parcels, a long, shallow parcel with the same square footage as a deep, narrow parcel will receive a different level of general benefit. Likewise, two parcels with the same depth but a different width adjacent to serviced parcels will benefit differently. To account for this difference, it is appropriate that parcel linear frontage be used to measure the general benefit the adjacent parcels receive. The linear footage is the length of parcels fronting public streets. The amount listed for "assessed linear feet" is the value for all assessed parcels within the SMPPBID and the amount listed for "non-assessed linear feet" is the value for all non-assessed parcels adjacent to the district boundary.

iii. Calculations

To quantify and separate the general benefit to non-assessed parcels, the following calculations were undertaken for each budget category.

1. The total service budget for each category was determined and the amount of general benefit to the public-at-large was subtracted from the category budget.
2. The benefit factor applicable to each improvement, maintenance, and activity was multiplied by the parcel square footage or linear frontage of assessed and non-assessed parcels, to determine the number of benefit units received by each parcel group.
3. The benefit units for all parcel groups were summed, and the percentage of benefit units attributable to each parcel group was calculated.
4. The total remaining improvements, maintenance, and activities budget, less the amount already determined to be general benefit to the public-at-large, was allocated to general and special benefit categories for each parcel group using the calculated benefit percent and applicable benefit characteristic methodology.
5. The special and general benefit resulting from the administration and policy development / contingency portions of the budget were determined based on the proportional allocation of benefits derived from improvements, maintenance, and activities.

District Enhancement Programs

The district enhancement programs budget, minus the amount of general benefit to the public-at-large, is $669,288.62. The calculations below determine the amount of general benefit to non-assessed parcels within the SMPPBID.

Parcel Type	Square Footage	Benefit Factor	Benefit Units	Benefit Percent	Remaining Budget	
Assessed	12,894,534	X 1.000	12,894,534.00	99.942%	X $669,288.62	= $668,898.83
Non-Assessed	60,113	X 0.125	7,514.13	0.058%	X $669,288.62	= $389.79

The district enhancement programs budget, minus the amount of general benefit to the public and non-assessed parcels within the SMPPBID, is $668,898.83. The calculations below determine the amount of general benefit to parcels adjacent to the SMPPBID.

Parcel Type	Linear Frontage	Benefit Factor	Benefit Units	Benefit Percent	Remaining Budget	
Inside	38,155.00	X 1.000	38,155.00	98.965%	X $668,898.83	= $661,978.46
Adjacent	3,191.00	X 0.125	398.88	1.035%	X $668,898.83	= $6,920.37

Therefore, the allocation of the district enhancement programs budget is as follows:

General Benefit – Public At Large	$13,658.95
General Benefit – Inside Parcels	$389.79
General Benefit – Adjacent Parcels	$6,920.37
Special Benefit	$661,978.46
Total	**$682,947.57**

Economic Development

The economic development budget, minus the amount of general benefit to the public-at-large, is $44,521.73. The calculations below determine the amount of general benefit to non-assessed parcels within the SMPPBID.

Parcel Type	Square Footage	Benefit Factor	Benefit Units	Benefit Percent	Remaining Budget	
Assessed	12,894,534	X 1.000	12,894,534.00	99.953%	X $44,521.73	= $44,500.98
Non-Assessed	60,113	X 0.100	6,011.30	0.047%	X $44,521.73	= $20.75

The economic development budget, minus the amount of general benefit to the public and non-assessed parcels within the SMPPBID, is $44,500.98. The calculations below determine the amount of general benefit to parcels adjacent to the SMPPBID.

Parcel Type	Linear Frontage	Benefit Factor	Benefit Units	Benefit Percent	Remaining Budget	
Inside	38,155.00	X 1.000	= 38,155.00	99.171%	X $44,500.98	= $44,131.90
Adjacent	3,191.00	X 0.100	= 319.10	0.829%	X $44,500.98	= $369.08

Therefore, the allocation of the economic development budget is as follows:

General Benefit – Public At Large	$908.61
General Benefit – Inside Parcels	$369.08

General Benefit – Adjacent Parcels	$20.75
Special Benefit	$44,131.90
Total	**$45,430.34**

Administration & Policy Development and Contingency

The administration & policy development and contingency budget line items relate to the improvements, maintenance, and activities provided. These costs have been allocated proportionally based on the special and general benefit provided by each category.

	Special Benefit to Parcels	General Benefit to Parcels
District Enhancement Programs	$661,978.46	$7,310.16
Economic Development	$44,131.90	$389.83
Activity Totals	$706,110.36	$7,699.99
Percent	0.98921	0.01079
Administration & Policy Development, Contingency	$176,527.59	$1,925.00
Total Parcel Benefits	**$882,637.95**	**$9,624.99**

iv. **Total Benefits**

Based on the foregoing calculations, the total benefits to assessed parcels, non-assessed parcels, and the general public are:

	Special Benefit to Parcels	**General Benefit to Parcels**	**General Benefit to Public**	**Total**
District Enhancement Programs	$661,978.46	$7,310.16	$13,658.95	$682,947.57
Economic Development	$44,131.90	$389.83	$908.61	$45,430.34
Administration & Policy Development, Contingency	$176,527.59	$1,925.00	$3,641.89	$182,094.48
Total	**$882,637.95**	**$9,624.99**	**$18,209.45**	**$910,472.39**

c. Non-Assessment Funding

The programs funded by the SMPPBID receive additional non-assessment funding in the form of grants, corporate sponsorships, event income, and other miscellaneous funds. These funding sources are anticipated to equal or exceed the amount of general benefit conferred annually by the SMPPBID's improvements, maintenance, and activities, $27,834.44. These non-assessment funds will be used to pay for the general benefit provided by the SMPPBID's improvements, maintenance, and activities, ensuring that parcel assessments will only be used to provide special benefits and "any additional costs of providing general benefits [are] not included in the amounts assessed."[15]

15 Streets and Highways Code section 36632(a)

2. Special Benefit

The improvements, maintenance, and activities to be provided by the SMPPBID constitute and convey special benefits directly to the assessed parcels. Assessment law requires that "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."[16] Further, "no assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."[17] 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."[18]

To determine the total special benefit value to be conveyed to the assessed parcels, we deduct the general benefit value ($27,834.44) from the total value of the improvements, maintenance, and activities ($910,472.39). The remaining $882,637.95 is considered the special benefit to assessed parcels (the "Total Assessment"). The Total Assessment represents the total value of the special benefit to be provided by the improvements, maintenance, and activities. The Total Assessment has been proportionally divided among the assessed parcels so that no assessment exceeds the reasonable cost of the proportional special benefit conferred on a parcel. The assessment rate has been designed to ensure that "properties that receive the same proportionate special benefit pay the same assessment."[19]

Service Provided	Total Benefit Value	General Benefit Value to Public	Benefit Value to Parcels (Special & General)	Special Benefit to Assessed Parcels
District Enhancement Programs	$682,947.57	$13,658.95	$669,288.62	$661,978.46
Economic Development	$45,430.34	$908.61	$44,521.73	$44,131.90
Administration & Policy Development	$163,885.03	$3,277.70	$160,607.33	$158,874.83
Contingency	$18,209.45	$364.19	$17,845.26	$17,652.76
TOTAL	**$910,472.39**	**$18,209.45**	**$892,262.94**	**$882,637.95**

B. Assessment Methodology

1. Base Formula

Each parcel will be assessed based on proportional special benefits received. The variables used for the annual assessment formula are parcel type and parcel square footage. These variables are appropriate measures of the proportional special benefit because the need for services, level of services, and quantity of services are all relative to these variables; thus the special benefit provided to each parcel by the services can be proportionally measured using these variables.

16 Cal. Const., art XIII D §4(a)
17 Ibid
18 Streets and Highways Code section 36615.5
19 *Tiburon v. Bonander* (2009) 180 Cal.App.4th 1057

Determination of Assessment Rates

"Because not all parcels in the district are identical in size…some will receive more special benefit than others."[20] Each of the variables used relates directly to the service level and special benefit provided to each parcel. Parcel square footage is the size of the parcel, measured in square feet. The larger a parcel, the more services and benefit the parcel will receive.

Because not all parcels in the SMPPBID are identical in use, some will receive more special benefit than others. For example, an office use parcel will benefit to a lesser degree than a retail use parcel, because it will not enjoy an equivalent amount of benefit from the increased commerce resulting from the services. Further detail on the benefit to each parcel type is in the following pages. To determine the assessment rates, the assessed parcels were classified by the estimated benefit each type of parcel receives, the estimated special benefit value of the improvements, maintenance, and activities provided to each type was determined based on approximate cost of service provision, and an assessment rate that is proportional to the estimated proportional benefit received by each parcel type was determined.

To determine the assessment rates, the estimated special benefit value for each parcel type was divided by the total assessable parcel square footage and parcel type as shown in the tables below.

Parcel Type

Parcel types were categorized based on their typical amount of foot and vehicle traffic on the various parcels. Retail use parcels will receive the highest level of services because their owners aim to benefit from increased customers or increased use by visitors and receive the highest volume of foot and vehicle traffic. However, office use parcels will receive a reduced level of services because their owners primarily aim to benefit from increased cleanliness and security and receive a lower level of foot and vehicle traffic. The approximate cost of special benefit services by parcel type was determined. Then, the special benefit cost of services by type was divided by the square footage of those parcels to determine the assessment rates.

Parcel Size

The SMPPBID's services will benefit each assessed parcel as a whole. The service budget which, in this Engineer's estimation, represents special benefits to the parcels, has been allocated based on parcel size.

Parcel Type	Initial Parcel Size Budget		Parcel Square Footage		Initial Parcel Assessment Rate ($/sqft/yr)
Retail	$841,460.83	÷	12,020,869	=	$0.07
Other Commercial	$41,177.12	÷	915,047	=	$0.045

Summary of Assessment Rates

Therefore, for the initial year of renewal, the maximum annual assessment rates to parcels are as shown below and in Appendix 6. If you would like more information about parcel assessments, please call Civitas at (916) 437-4300 or (800) 999-7781.

20 *Dahms v. Downtown Pomona* (2009) 174 Cal.App.4th 708

Parcel Type	Lot Rate per Square Foot
Retail	$0.07
Other Commercial	$0.045

Parcel Categorization

Assessment categories for each parcel were determined based on the parcel's land use code as shown in the Assessor's Records and supplemented by other available information. In general, the assessment category for each parcel reflects the use of the parcel as described by its land use code. In cases where the land use code and actual use differ, the actual use prevails for classification purposes.

2. Retail Use Parcels

Retail use parcels will receive and most benefit from all SMPPBID services, which are aimed to attract and increase customers and visitors to assessed parcels. These parcels have a commercial component because their owners aim to benefit from increased customers or increased use by visitors. Additionally, these parcels require the greatest level of services, due to the volume of foot and vehicle traffic.

3. Other Commercial Use Parcels

Other commercial use parcels will benefit from SMPPBID services aimed to attract customers and retain tenants to assessed parcels. Due to the nature of office use parcels, they do not receive as much foot traffic, which primarily consist of tenants or employees within the parcel or those patrons seeking a specific service. These parcels will benefit by being safer and maintained, thus attracting customers, new tenants, and retaining existing tenants, but will not benefit to the same degree as retail parcels.

4. Publicly Owned Parcels

The California Constitution, in Article XIII D, provides that "parcels within a district that are owned or used by any agency, [or by] the State of California…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." No such demonstration is made with respect to any parcel within the SMPPBID. Therefore, publicly owned parcels will be assessed at the full retail rate.

5. Non-Assessed Parcels

There are 494 parcels within the SMPPBID that will not be assessed. These parcels will not specially benefit from or directly receive the SMPPBID's improvements, maintenance, and activities. These parcels are accounted for in the analysis of general benefit provided to non-assessed parcels within the SMPPBID.

- Residential Parcels: There are 493 residential parcels within the SMPPBID boundary that will not be assessed.

  The state legislature has determined that "properties zoned solely for residential use...are conclusively presumed not to benefit from the improvements and services funded through these assessments, and shall not be subject to any assessment.".[1] The activities, maintenance, and improvements to be provided are designed to specially benefit retail, and other commercial use by attracting and increasing customers and visitors to assessed parcels and by improving the maintenance and safety of the assessed parcels. None of these benefits apply to residential parcels, which will not be serviced or benefit from the SMPPBID's improvements, maintenance, and activities. Residential parcels are those parcels with four (4) family units or less, duplexes, residential condominiums, and planned unit development of single-family residences.

[1] Streets and Highways Code section 36632(c)

- Utility Parcels: There is one (1) utility parcel within the SMPPBID that will not be assessed. A utility parcel refers to any parcel exclusively utilized for utilities and is not intended for office use or customer interaction, which includes substations. Since these utility parcels lack a retail or commercial component involving direct customer access and are fenced off to prevent public entry, they will not benefit from SMPPBID services and will not be assessed.

6. Changes in Data

Every effort has been made to ensure each parcel included in the SMPPBID is clearly identified and that all parcels included in the SMPPBID are consistent in the boundary map and the assessment calculation table. However, errors in data can and may arise or data may change after formation of the SMPPBID. Inconsistencies may include updated parcel sizes or parcel splits. If inconsistencies arise, the order of precedence shall be: 1) the assessment calculation table and 2) the boundary map. Based on the assessment calculation table, a parcel owner could calculate if the appropriate assessment amount was charged. Additionally, using the boundary map, a parcel owner could determine if its APN was correctly identified.

If the parcel size or type of a parcel changes during the term of the SMPPBID, the assessment calculation may be modified accordingly.

C. Assessment Notice

During the hearing process, an Assessment Ballot will be sent to owners of each parcel in the SMPPBID. The Assessment Ballot provides an estimated assessment. The final individual assessment for any particular parcel may change, up or down, if the parcel square footage or type differ from those used to calculate the amount shown on the notice, which can be found in Appendix 5.

D. Time and Manner for Collecting Assessments

As provided by State Law, the SMPPBID assessment will appear as a separate line item on annual property tax bills prepared by the County of Sacramento. Property tax bills are generally distributed in the fall, and payment is expected by lump sum or installment. The City of Citrus Heights shall distribute funds collected to SMP. Existing laws for enforcement and appeal of property taxes, including penalties and interest, apply to the SMPPBID assessments.

E. Engineer's Certification

I hereby certify, to the best of my knowledge and experience, that each of the identified assessed parcels located within the Sunrise MarketPlace Property and Business Improvement District will receive a special benefit over and above the general benefits conferred and that the amount of the assessment is no greater than the proportional special benefits conferred on each parcel, as described in this Engineer's Report.

Review of this Sunrise MarketPlace Property and Business Improvement District Management District Plan and preparation of the Engineer's Report was completed by:

Ross Peabody State of California



December 11, 2023
Date

This Engineer's Report is intended to be distributed as part of the Management District Plan in its entirety, including the Assessment Calculation Table (Appendix 3) and the Boundary Map. Reproduction and distribution of only Section VI of this Management District Plan violates the intent of this stamp and signature.

APPENDIX 1 – MAXIMUM ANNUAL ASSESSMENT RATES

The table below illustrates the estimated maximum annual assessment rates with the assumptions that the rates will be increased annually up to five percent (5%) with approval from the Sunrise MarketPlace Board of Directors. The maximum rates listed are a required disclosure and not the anticipated course of action.

Year	District Enhancement Programs	Economic Development	Admin & Policy Development	Contingency	Total
2025	$661,978.46	$44,131.90	$158,874.83	$17,652.76	$882,637.95
2026	$695,077.38	$46,338.50	$166,818.57	$18,535.40	$926,769.85
2027	$729,831.25	$48,655.42	$175,159.50	$19,462.17	$973,108.34
2028	$766,322.81	$51,088.19	$183,917.48	$20,435.28	$1,021,763.76
2029	$804,638.96	$53,642.60	$193,113.35	$21,457.04	$1,072,851.95
2030	$844,870.90	$56,324.73	$202,769.02	$22,529.89	$1,126,494.54
2031	$887,114.45	$59,140.97	$212,907.47	$23,656.39	$1,182,819.28
2032	$931,470.17	$62,098.02	$223,552.84	$24,839.21	$1,241,960.24
2033	$978,043.68	$65,202.92	$234,730.48	$26,081.17	$1,304,058.25
2034	$1,026,945.86	$68,463.06	$246,467.01	$27,385.22	$1,369,261.15
Total	$8,326,293.92	$555,086.31	$1,998,310.55	$222,034.53	$11,101,725.31

APPENDIX 2 – PBID LAW

*** THIS DOCUMENT IS CURRENT THROUGH THE 2023 SUPPLEMENT ***
(ALL 2022 LEGISLATION)

STREETS AND HIGHWAYS CODE
DIVISION 18. PARKING
PART 7. PROPERTY AND BUSINESS IMPROVEMENT DISTRICT LAW OF 1994

CHAPTER 1. General Provisions

ARTICLE 1. Declarations

36600. Citation of part

This part shall be known and may be cited as the "Property and Business Improvement District Law of 1994."

36601. Legislative findings and declarations; Legislative guidance

The Legislature finds and declares all of the following:

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

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

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

(d) Assessments levied for the purpose of conferring special benefit upon the real property or a specific benefit upon the businesses in a business district are not taxes for the general benefit of a city, even if property, businesses, or persons not assessed receive incidental or collateral effects that benefit them.

(e) 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.

(f) With the dissolution of redevelopment agencies throughout the state, property and business improvement districts have become even more important tools with which communities can combat blight, promote economic opportunities, and create a clean and safe environment.

(g) Since the enactment of this act, the people of California have adopted Proposition 218, which added Article XIII D to the Constitution in order to place certain requirements and restrictions on the formation of, and activities, expenditures, and assessments by property-based districts. Article XIII D of the Constitution provides that property-based districts may only levy assessments for special benefits.

(h) The act amending this section is intended to provide the Legislature's guidance with regard to this act, its interaction with the provisions of Article XIII D of the Constitution, and the determination of special benefits in property-based districts.

(1) The lack of legislative guidance has resulted in uncertainty and inconsistent application of this act, which discourages the use of assessments to fund needed improvements, maintenance, and activities in property-based districts, contributing to blight and other underutilization of property.

(2) 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.
(3) It is of the utmost importance that property-based districts created under this act have clarity regarding restrictions on assessments they may levy and the proper determination of special benefits. Legislative clarity with regard to this act will provide districts with clear instructions and courts with legislative intent regarding restrictions on property-based assessments, and the manner in which special benefits should be determined.

36602. Purpose of part

The purpose of this part is to supplement previously enacted provisions of law that authorize cities to levy assessments within property and business improvement districts, to ensure that those assessments conform to all constitutional requirements and are determined and assessed in accordance with the guidance set forth in this act. This part does not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes.

36603. Preemption of authority or charter city to adopt ordinances levying assessments

Nothing in this part is intended to preempt the authority of a charter city to adopt ordinances providing for a different method of levying assessments for similar or additional purposes from those set forth in this part. A property and business improvement district created pursuant to this part is expressly exempt from the provisions of the Special Assessment Investigation, Limitation and Majority Protest Act of 1931 (Division 4 (commencing with Section 2800)).

36603.5. Part prevails over conflicting provisions

Any provision of this part that conflicts with any other provision of law shall prevail over the other provision of law, as to districts created under this part.

36604. Severability

This part is intended to be construed liberally and, if any provision is held invalid, the remaining provisions shall remain in full force and effect. Assessments levied under this part are not special taxes.

ARTICLE 2. Definitions

36606. "Activities"

"Activities" means, but is not limited to, all of the following that benefit businesses or real property in the district:
(a) Promotion of public events.
(b) Furnishing of music in any public place.
(c) Promotion of tourism within the district.
(d) Marketing and economic development, including retail retention and recruitment.
(e) Providing security, sanitation, graffiti removal, street and sidewalk cleaning, and other municipal services supplemental to those normally provided by the municipality.
(f) Other services provided for the purpose of conferring special benefit upon assessed real property or specific benefits upon assessed businesses located in the district.

36606.5. "Assessment"

"Assessment" means a levy for the purpose of acquiring, constructing, installing, or maintaining improvements and providing activities that will provide certain benefits to properties or businesses located within a property and business improvement district.

36607. "Business"

"Business" means all types of businesses and includes financial institutions and professions.

36608. "City"

"City" means a city, county, city and county, or an agency or entity created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code, the public member agencies of which includes only cities, counties, or a city and county, or the State of California.

36609. "City council"

"City council" means the city council of a city or the board of supervisors of a county, or the agency, commission, or board created pursuant to a joint powers agreement and which is a city within the meaning of this part.

36609.4. "Clerk"

"Clerk" means the clerk of the legislative body.

36609.5. "General benefit"

"General benefit" means, for purposes of a property-based district, any benefit that is not a "special benefit" as defined in Section 36615.5.

36610. "Improvement"

"Improvement" means the acquisition, construction, installation, or maintenance of any tangible property with an estimated useful life of five years or more including, but not limited to, the following:

(a) Parking facilities.
(b) Benches, booths, kiosks, display cases, pedestrian shelters and signs.
(c) Trash receptacles and public restrooms.
(d) Lighting and heating facilities.
(e) Decorations.
(f) Parks.
(g) Fountains.
(h) Planting areas.
(i) Closing, opening, widening, or narrowing of existing streets.
(j) Facilities or equipment, or both, to enhance security of persons and property within the district.
(k) Ramps, sidewalks, plazas, and pedestrian malls.
(l) Rehabilitation or removal of existing structures.

36611. "Management district plan"; "Plan"

"Management district plan" or "plan" means a proposal as defined in Section 36622.

36612. "Owners' association"

"Owners' association" means a private nonprofit entity that is under contract with a city to administer or implement improvements, maintenance, and activities specified in the management district plan. An owners' association may be an existing nonprofit entity or a newly formed nonprofit entity. An owners' association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose. Notwithstanding this section, an owners' association shall comply with the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code), at all times when matters within the subject matter of the district are heard, discussed, or deliberated, and with the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code), for all records relating to activities of the district.

36614. "Property"

"Property" means real property situated within a district.

36614.5. "Property and business improvement district"; "District"

"Property and business improvement district," or "district," means a property and business improvement district established pursuant to this part.

36614.6. "Property-based assessment"

"Property-based assessment" means any assessment made pursuant to this part upon real property.

36614.7. "Property-based district"

"Property-based district" means any district in which a city levies a property-based assessment.

36615. "Property owner"; "Business owner"; "Owner"

"Property owner" means any person shown as the owner of land on the last equalized assessment roll or otherwise known to be the owner of land by the city council. "Business owner" means any person recognized by the city as the owner of the business. "Owner" means either a business owner or a property owner. The city council has no obligation to obtain other information as to the ownership of land or businesses, and its determination of ownership shall be final and conclusive for the purposes of this part. Wherever this part requires the signature of the property owner, the signature of the authorized agent of the property owner shall be sufficient. Wherever this part requires the signature of the business owner, the signature of the authorized agent of the business owner shall be sufficient.

36615.5. "Special benefit"

(a) "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. Special benefit excludes general enhancement of property value.

(b) "Special benefit" also includes, for purposes of a property-based district, a particular and distinct benefit provided directly to each assessed parcel within the district. Merely because parcels throughout an assessment district share the same special benefits does not make the benefits general.

36616. "Tenant"

"Tenant" means an occupant pursuant to a lease of commercial space or a dwelling unit, other than an owner.

ARTICLE 3. Prior Law

36617. Alternate method of financing certain improvements and activities; Effect on other provisions

This part provides an alternative method of financing certain improvements and activities. The provisions of this part shall not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes. Every improvement area established pursuant to the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500) of this division) is valid and effective and is unaffected by this part.

CHAPTER 2. Establishment

36620. Establishment of property and business improvement district

A property and business improvement district may be established as provided in this chapter.

36620.5. Requirement of consent of city council

A county may not form a district within the territorial jurisdiction of a city without the consent of the city council of that city. A city may not form a district within the unincorporated territory of a county without the consent of the board of supervisors of that county. A city may not form a district within the territorial jurisdiction of another city without the consent of the city council of the other city.

36621. Initiation of proceedings; Petition of property or business owners in proposed district

(a) Upon the submission of a written petition, signed by the property or business owners in the proposed district who will pay more than 50 percent of the assessments proposed to be levied, the city council may initiate proceedings to form a district by the adoption of a resolution expressing its intention to form a district. The amount of assessment attributable to property or a business owned by the same property or business owner that is in excess of 40 percent of the amount of all assessments proposed to be levied, shall not be included in determining whether the petition is signed by property or business owners who will pay more than 50 percent of the total amount of assessments proposed to be levied.

(b) The petition of property or business owners required under subdivision (a) shall include a summary of the management district plan. That summary shall include all of the following:

(1) A map showing the boundaries of the district.

(2) Information specifying where the complete management district plan can be obtained.

(3) Information specifying that the complete management district plan shall be furnished upon request.

(c) The resolution of intention described in subdivision (a) shall contain all of the following:

(1) A brief description of the proposed improvements, maintenance, and activities, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property or businesses within the district, a statement as to whether bonds will be issued, and a description of the exterior boundaries of the proposed district, which may be made by reference to any plan or map that is on file with the clerk. The descriptions and statements do not need to be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements, maintenance, and activities, and the location and extent of the proposed district.

(2) A time and place for a public hearing on the establishment of the property and business improvement district and the levy of assessments, which shall be consistent with the requirements of Section 36623.

36622. Contents of management district plan

The management district plan shall include, but is not limited to, all of the following:

(a) If the assessment will be levied on property, a map of the district in sufficient detail to locate each parcel of property and, if businesses are to be assessed, each business within the district. If the assessment will be levied on businesses, a map that identifies the district boundaries in sufficient detail to allow a business owner to reasonably determine whether a business is located within the district boundaries. If the assessment will be levied on property and businesses, a map of the district in sufficient detail to locate each parcel of property and to allow a business owner to reasonably determine whether a business is located within the district boundaries.

(b) The name of the proposed district.

(c) A description of the boundaries of the district, including the boundaries of benefit zones, proposed for establishment or extension in a manner sufficient to identify the affected property and businesses included, which may be made by reference to any plan or map that is on file with the clerk. The boundaries of a proposed property assessment district shall not overlap with the boundaries of another existing property assessment district created pursuant to this part. This part does not prohibit the boundaries of a district created pursuant to this part to overlap with other assessment districts established pursuant to other provisions of law, including, but not limited to, the

Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500)). This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with another business assessment district created pursuant to this part. This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with a property assessment district created pursuant to this part.

(d) The improvements, maintenance, and activities proposed for each year of operation of the district and the estimated cost thereof. If the improvements, maintenance, and activities proposed for each year of operation are the same, a description of the first year's proposed improvements, maintenance, and activities and a statement that the same improvements, maintenance, and activities are proposed for subsequent years shall satisfy the requirements of this subdivision.

(e) The total annual amount proposed to be expended for improvements, maintenance, or activities, and debt service in each year of operation of the district. If the assessment is levied on businesses, this amount may be estimated based upon the assessment rate. If the total annual amount proposed to be expended in each year of operation of the district is not significantly different, the amount proposed to be expended in the initial year and a statement that a similar amount applies to subsequent years shall satisfy the requirements of this subdivision.

(f) The proposed source or sources of financing, including the proposed method and basis of levying the assessment in sufficient detail to allow each property or business owner to calculate the amount of the assessment to be levied against their property or business. The plan also shall state whether bonds will be issued to finance improvements.

(g) The time and manner of collecting the assessments.

(h) The specific number of years in which assessments will be levied. In a new district, the maximum number of years shall be five. Upon renewal, a district shall have a term not to exceed 10 years. Notwithstanding these limitations, a district created pursuant to this part to finance capital improvements with bonds may levy assessments until the maximum maturity of the bonds. The management district plan may set forth specific increases in assessments for each year of operation of the district.

(i) The proposed time for implementation and completion of the management district plan.

(j) Any proposed rules and regulations to be applicable to the district.

(k)

(1) A list of the properties or businesses to be assessed, including the assessor's parcel numbers for properties to be assessed, and a statement of the method or methods by which the expenses of a district will be imposed upon benefited real property or businesses, in proportion to the benefit received by the property or business, to defray the cost thereof.

(2) In a property-based district, the proportionate special benefit derived by each identified parcel shall be determined exclusively 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 activities. An assessment shall not be imposed on any parcel that exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable, and a property-based district shall separate the general benefits, if any, from the special benefits conferred on a parcel. Parcels within a property-based district that are owned or used by any city, public agency, the State of California, or the United States shall not be exempt from assessment unless the governmental entity can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit. 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.

(3) In a property-based district, properties throughout the district may share the same special benefits. In a district with boundaries that define which parcels are to receive improvements, maintenance, or activities over and above those services provided by the city, the improvements, maintenance, or activities themselves may constitute a special benefit. The city may impose assessments that are less than the proportional special benefit conferred, but shall not impose assessments that exceed the reasonable costs of the proportional special benefit conferred. Because one or more parcels pay less than the special benefit conferred does not necessarily mean that other parcels are assessed more than the reasonable cost of their special benefit.

(l) In a property-based district, a detailed engineer's report prepared by a registered professional engineer certified by the State of California supporting all assessments contemplated by the management district plan.
(m) Any other item or matter required to be incorporated therein by the city council.

36623. Procedure to levy assessment

(a) If a city council proposes to levy a new or increased property assessment, the notice and protest and hearing procedure shall comply with Section 53753 of the Government Code.
(b) If a city council proposes to levy a new or increased business assessment, the notice and protest and hearing procedure shall comply with Section 54954.6 of the Government Code, except that notice shall be mailed to the owners of the businesses proposed to be assessed. A protest may be made orally or in writing by any interested person. Every written protest shall be filed with the clerk at or before the time fixed for the public hearing. The city council may waive any irregularity in the form or content of any written protest. A written protest may be withdrawn in writing at any time before the conclusion of the public hearing. Each written protest shall contain a description of the business in which the person subscribing the protest is interested sufficient to identify the business and, if a person subscribing is not shown on the official records of the city as the owner of the business, the protest shall contain or be accompanied by written evidence that the person subscribing is the owner of the business or the authorized representative. A written protest that does not comply with this section shall not be counted in determining a majority protest. If written protests are received from the owners or authorized representatives of businesses in the proposed district that will pay 50 percent or more of the assessments proposed to be levied and protests are not withdrawn so as to reduce the protests to less than 50 percent, no further proceedings to levy the proposed assessment against such businesses, as contained in the resolution of intention, shall be taken for a period of one year from the date of the finding of a majority protest by the city council.
(c) If a city council proposes to conduct a single proceeding to levy both a new or increased property assessment and a new or increased business assessment, the notice and protest and hearing procedure for the property assessment shall comply with subdivision (a), and the notice and protest and hearing procedure for the business assessment shall comply with subdivision (b). If a majority protest is received from either the property or business owners, that respective portion of the assessment shall not be levied. The remaining portion of the assessment may be levied unless the improvement or other special benefit was proposed to be funded by assessing both property and business owners.

36624. Changes to proposed assessments

At the conclusion of the public hearing to establish the district, the city council may adopt, revise, change, reduce, or modify the proposed assessment or the type or types of improvements, maintenance, and activities to be funded with the revenues from the assessments. Proposed assessments may only be revised by reducing any or all of them. At the public hearing, the city council may only make changes in, to, or from the boundaries of the proposed property and business improvement district that will exclude territory that will not benefit from the proposed improvements, maintenance, and activities. Any modifications, revisions, reductions, or changes to the proposed assessment district shall be reflected in the notice and map recorded pursuant to Section 36627.

36625. Resolution of formation

(a) If the city council, following the public hearing, decides to establish a proposed property and business improvement district, the city council shall adopt a resolution of formation that shall include, but is not limited to, all of the following:
(1) A brief description of the proposed improvements, maintenance, and activities, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property, businesses, or both within the district, a statement on whether bonds will be issued, and a description of the exterior boundaries of the proposed district, which may be made by reference to any plan or map that is on file with the clerk. The descriptions and statements need not be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements, maintenance, and activities and the location and extent of the proposed district.
(2) The number, date of adoption, and title of the resolution of intention.

(3) The time and place where the public hearing was held concerning the establishment of the district.
(4) A determination regarding any protests received. The city shall not establish the district or levy assessments if a majority protest was received.
(5) A statement that the properties, businesses, or properties and businesses in the district established by the resolution shall be subject to any amendments to this part.

(6) A statement that the improvements, maintenance, and activities to be conferred on businesses and properties in the district will be funded by the levy of the assessments. The revenue from the levy of assessments within a district shall not be used to provide improvements, maintenance, or activities outside the district or for any purpose other than the purposes specified in the resolution of intention, as modified by the city council at the hearing concerning establishment of the district. Notwithstanding the foregoing, improvements and activities that must be provided outside the district boundaries to create a special or specific benefit to the assessed parcels or businesses may be provided, but shall be limited to marketing or signage pointing to the district.
(7) A finding that the property or businesses within the area of the property and business improvement district will be benefited by the improvements, maintenance, and activities funded by the proposed assessments, and, for a property-based district, that property within the district will receive a special benefit.
(8) In a property-based district, the total amount of all special benefits to be conferred on the properties within the property-based district.

(b) The adoption of the resolution of formation and, if required, recordation of the notice and map pursuant to Section 36627 shall constitute the levy of an assessment in each of the fiscal years referred to in the management district plan.

36627. Notice and assessment diagram

Following adoption of the resolution establishing district assessments on properties pursuant to Section 36625, the clerk shall record a notice and an assessment diagram pursuant to Section 3114. No other provision of Division 4.5 (commencing with Section 3100) applies to an assessment district created pursuant to this part.

36628. Establishment of separate benefit zones within district; Categories of businesses

The city council may establish one or more separate benefit zones within the district based upon the degree of benefit derived from the improvements or activities to be provided within the benefit zone and may impose a different assessment within each benefit zone. If the assessment is to be levied on businesses, the city council may also define categories of businesses based upon the degree of benefit that each will derive from the improvements or activities to be provided within the district and may impose a different assessment or rate of assessment on each category of business, or on each category of business within each zone.

36628.5. Assessments on businesses or property owners

The city council may levy assessments on businesses or on property owners, or a combination of the two, pursuant to this part. The city council shall structure the assessments in whatever manner it determines corresponds with the distribution of benefits from the proposed improvements, maintenance, and activities, provided that any property-based assessment conforms with the requirements set forth in paragraph (2) of subdivision (k) of Section 36622.

36629. Provisions and procedures applicable to benefit zones and business categories

All provisions of this part applicable to the establishment, modification, or disestablishment of a property and business improvement district apply to the establishment, modification, or disestablishment of benefit zones or categories of business. The city council shall, to establish, modify, or disestablish a benefit zone or category of business, follow the procedure to establish, modify, or disestablish a property and business improvement district.

36630. Expiration of district; Creation of new district

If a property and business improvement district expires due to the time limit set pursuant to subdivision (h) of Section 36622, a new management district plan may be created and the district may be renewed pursuant to this part.

CHAPTER 3. Assessments

36631. Time and manner of collection of assessments; Delinquent payments

The collection of the assessments levied pursuant to this part shall be made at the time and in the manner set forth by the city council in the resolution levying the assessment. Assessments levied on real property may be collected at the same time and in the same manner as for the ad valorem property tax, and may provide for the same lien priority and penalties for delinquent payment. All delinquent payments for assessments levied pursuant to this part may be charged interest and penalties.

36632. Assessments to be based on estimated benefit; Classification of real property and businesses; Exclusion of residential and agricultural property

(a) The assessments levied on real property pursuant to this part shall be levied on the basis of the estimated benefit to the real property within the property and business improvement district. The city council may classify properties for purposes of determining the benefit to property of the improvements and activities provided pursuant to this part.
(b) Assessments levied on businesses pursuant to this part shall be levied on the basis of the estimated benefit to the businesses within the property and business improvement district. The city council may classify businesses for purposes of determining the benefit to the businesses of the improvements and activities provided pursuant to this part.
(c) Properties zoned solely for residential use, or that are zoned for agricultural use, are conclusively presumed not to benefit from the improvements and service funded through these assessments, and shall not be subject to any assessment pursuant to this part.

36633. Time for contesting validity of assessment

The validity of an assessment levied under this part shall not be contested in an action or proceeding unless the action or proceeding is commenced within 30 days after the resolution levying the assessment is adopted pursuant to Section 36625. An appeal from a final judgment in an action or proceeding shall be perfected within 30 days after the entry of judgment.

36634. Service contracts authorized to establish levels of city services

The city council may execute baseline service contracts that would establish levels of city services that would continue after a property and business improvement district has been formed.

36635. Request to modify management district plan

The owners' association may, at any time, request that the city council modify the management district plan. Any modification of the management district plan shall be made pursuant to this chapter.

36636. Modification of plan by resolution after public hearing; Adoption of resolution of intention

(a) Upon the written request of the owners' association, the city council may modify the management district plan after conducting one public hearing on the proposed modifications. The city council may modify the improvements and activities to be funded with the revenue derived from the levy of the assessments by adopting a resolution determining to make the modifications after holding a public hearing on the proposed modifications. If the modification includes the levy of a new or increased assessment, the

city council shall comply with Section 36623. Notice of all other public hearings pursuant to this section shall comply with both of the following:

(1) The resolution of intention shall be published in a newspaper of general circulation in the city once at least seven days before the public hearing.

(2) A complete copy of the resolution of intention shall be mailed by first class mail, at least 10 days before the public hearing, to each business owner or property owner affected by the proposed modification.

(b) The city council shall adopt a resolution of intention which states the proposed modification prior to the public hearing required by this section. The public hearing shall be held not more than 90 days after the adoption of the resolution of intention.

36637. Reflection of modification in notices recorded and maps

Any subsequent modification of the resolution shall be reflected in subsequent notices and maps recorded pursuant to Division 4.5 (commencing with Section 3100), in a manner consistent with the provisions of Section 36627.

CHAPTER 3.5. Financing

36640. Bonds authorized; Procedure; Restriction on reduction or termination of assessments

(a)The city council may, by resolution, determine and declare that bonds shall be issued to finance the estimated cost of some or all of the proposed improvements described in the resolution of formation adopted pursuant to Section 36625, if the resolution of formation adopted pursuant to that section provides for the issuance of bonds, under the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500)) or in conjunction with Marks-Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code). Either act, as the case may be, shall govern the proceedings relating to the issuance of bonds, although proceedings under the Bond Act of 1915 may be modified by the city council as necessary to accommodate assessments levied upon business pursuant to this part.

(b) The resolution adopted pursuant to subdivision (a) shall generally describe the proposed improvements specified in the resolution of formation adopted pursuant to Section 36625, set forth the estimated cost of those improvements, specify the number of annual installments and the fiscal years during which they are to be collected. The amount of debt service to retire the bonds shall not exceed the amount of revenue estimated to be raised from assessments over 30 years.

(c) Notwithstanding any other provision of this part, assessments levied to pay the principal and interest on any bond issued pursuant to this section shall not be reduced or terminated if doing so would interfere with the timely retirement of the debt.

CHAPTER 4. Governance

36650. Report by owners' association; Approval or modification by city council

(a) The owners' association shall cause to be prepared a report for each fiscal year, except the first year, for which assessments are to be levied and collected to pay the costs of the improvements, maintenance, and activities described in the report. The owners' association's first report shall be due after the first year of operation of the district. The report may propose changes, including, but not limited to, the boundaries of the property and business improvement district or any benefit zones within the district, the basis and method of levying the assessments, and any changes in the classification of property, including any categories of business, if a classification is used.

(b) The report shall be filed with the clerk and shall refer to the property and business improvement district by name, specify the fiscal year to which the report applies, and, with respect to that fiscal year, shall contain all of the following information:

(1) Any proposed changes in the boundaries of the property and business improvement district or in any benefit zones or classification of property or businesses within the district.

(2) The improvements, maintenance, and activities to be provided for that fiscal year.

(3) An estimate of the cost of providing the improvements, maintenance, and activities for that fiscal year.

(4) The method and basis of levying the assessment in sufficient detail to allow each real property or business owner, as appropriate, to estimate the amount of the assessment to be levied against his or her property or business for that fiscal year.
(5) The estimated amount of any surplus or deficit revenues to be carried over from a previous fiscal year.
(6) The estimated amount of any contributions to be made from sources other than assessments levied pursuant to this part.

(c) The city council may approve the report as filed by the owners' association or may modify any particular contained in the report and approve it as modified. Any modification shall be made pursuant to Sections 36635 and 36636.

The city council shall not approve a change in the basis and method of levying assessments that would impair an authorized or executed contract to be paid from the revenues derived from the levy of assessments, including any commitment to pay principal and interest on any bonds issued on behalf of the district.

36651. Designation of owners' association to provide improvements, maintenance, and activities

The management district plan may, but is not required to, state that an owners' association will provide the improvements, maintenance, and activities described in the management district plan. If the management district plan designates an owners' association, the city shall contract with the designated nonprofit corporation to provide services.

CHAPTER 5. Renewal

36660. Renewal of district; Transfer or refund of remaining revenues; District term limit

(a) Any district previously established whose term has expired, or will expire, may be renewed by following the procedures for establishment as provided in this chapter.
(b) Upon renewal, any remaining revenues derived from the levy of assessments, or any revenues derived from the sale of assets acquired with the revenues, shall be transferred to the renewed district. If the renewed district includes additional parcels or businesses not included in the prior district, the remaining revenues shall be spent to benefit only the parcels or businesses in the prior district. If the renewed district does not include parcels or businesses included in the prior district, the remaining revenues attributable to these parcels shall be refunded to the owners of these parcels or businesses.
(c) Upon renewal, a district shall have a term not to exceed 10 years, or, if the district is authorized to issue bonds, until the maximum maturity of those bonds. There is no requirement that the boundaries, assessments, improvements, or activities of a renewed district be the same as the original or prior district.

CHAPTER 6. Disestablishment

36670. Circumstances permitting disestablishment of district; Procedure

(a) Any district established or extended pursuant to the provisions of this part, where there is no indebtedness, outstanding and unpaid, incurred to accomplish any of the purposes of the district, may be disestablished by resolution by the city council in either of the following circumstances:
(1) If the city council finds there has been misappropriation of funds, malfeasance, or a violation of law in connection with the management of the district, it shall notice a hearing on disestablishment.
(2) During the operation of the district, there shall be a 30-day period each year in which assessees may request disestablishment of the district. The first such period shall begin one year after the date of establishment of the district and shall continue for 30 days. The next such 30-day period shall begin two years after the date of the establishment of the district. Each successive year of operation of the district shall have such a 30-day period. Upon the written petition of the owners or authorized representatives of real property or the owners or authorized representatives of businesses in the district who pay 50 percent or more of the assessments levied, the city council shall pass a resolution of intention to disestablish the district. The city council shall notice a hearing on disestablishment.

(b) The city council shall adopt a resolution of intention to disestablish the district prior to the public hearing required by this section. The resolution shall state the reason for the disestablishment, shall state the time and place of the public hearing, and shall contain a proposal to dispose of any assets acquired with the revenues of the assessments levied within the property and business improvement district. The notice of the hearing on disestablishment required by this section shall be given by mail to the property owner of each parcel or to the owner of each business subject to assessment in the district, as appropriate. The city shall conduct the public hearing not less than 30 days after mailing the notice to the property or business owners. The public hearing shall be held not more than 60 days after the adoption of the resolution of intention.

36671. Refund of remaining revenues upon disestablishment or expiration without renewal of district; Calculation of refund; Use of outstanding revenue collected after disestablishment of district

(a) Upon the disestablishment or expiration without renewal of a district, any remaining revenues, after all outstanding debts are paid, derived from the levy of assessments, or derived from the sale of assets acquired with the revenues, or from bond reserve or construction funds, shall be refunded to the owners of the property or businesses then located and operating within the district in which assessments were levied by applying the same method and basis that was used to calculate the assessments levied in the fiscal year in which the district is disestablished or expires. All outstanding assessment revenue collected after disestablishment shall be spent on improvements and activities specified in the management district plan.
(b) If the disestablishment occurs before an assessment is levied for the fiscal year, the method and basis that was used to calculate the assessments levied in the immediate prior fiscal year shall be used to calculate the amount of any refund.

APPENDIX 3 – PARCEL ASSESSMENT CALCULATIONS

MapKey	APN	Parcel Type	Rate	Lot SqFt	Assessment
1	233-0044-001-0000	RETAIL	0.07	63,598	$4,451.86
2	233-0044-002-0000	OTHER COMMERCIAL	0.045	67,082	$3,018.69
3	233-0044-005-0000	RETAIL	0.07	60,548	$4,238.36
4	233-0044-006-0000	OTHER COMMERCIAL	0.045	38,333	$1,724.99
5	233-0044-007-0000	OTHER COMMERCIAL	0.045	37,026	$1,666.17
6	233-0044-008-0000	OTHER COMMERCIAL	0.045	37,026	$1,666.17
7	233-0044-010-0000	RETAIL	0.07	22,366	$1,565.62
8	233-0044-013-0000	RETAIL	0.07	54,450	$3,811.50
9	233-0044-014-0000	RETAIL	0.07	119,354	$8,354.78
10	233-0044-017-0000	RETAIL	0.07	45,738	$3,201.66
11	233-0044-018-0000	RETAIL	0.07	26,082	$1,825.74
12	233-0044-019-0000	RETAIL	0.07	23,766	$1,663.62
13	233-0044-020-0000	RETAIL	0.07	22,564	$1,579.48
14	233-0044-021-0000	RETAIL	0.07	16,243	$1,137.01
15	233-0440-001-0000	RETAIL	0.07	36,450	$2,551.50
16	233-0440-002-0000	RETAIL	0.07	41,967	$2,937.69
17	233-0440-003-0000	RETAIL	0.07	16,811	$1,176.77
18	233-0440-004-0000	RETAIL	0.07	27,996	$1,959.72
19	233-0440-005-0000	RETAIL	0.07	23,795	$1,665.65
20	233-0440-006-0000	RETAIL	0.07	26,922	$1,884.54
21	233-0440-007-0000	RETAIL	0.07	111,514	$7,805.98
22	233-0440-008-0000	RETAIL	0.07	23,258	$1,628.06
23	233-0440-024-0000	RETAIL	0.07	2,880	$201.60

24	233-0440-027-0000	RETAIL	0.07	288,367	$20,185.69
25	233-0440-028-0000	RETAIL	0.07	73,616	$5,153.12
26	233-0440-029-0000	RETAIL	0.07	49,223	$3,445.61
27	233-0680-004-0000	OTHER COMMERCIAL	0.045	89,298	$4,018.41
28	233-0680-005-0000	RETAIL	0.07	60,548	$4,238.36
29	233-0680-008-0000	OTHER COMMERCIAL	0.045	49,223	$2,215.04
30	233-0680-009-0000	RETAIL	0.07	43,560	$3,049.20
31	233-0680-010-0000	RETAIL	0.07	96,703	$6,769.21
32	233-0680-011-0000	RETAIL	0.07	109,336	$7,653.52
33	233-0680-012-0000	RETAIL	0.07	73,616	$5,153.12
34	233-0680-013-0000	RETAIL	0.07	73,181	$5,122.67
35	233-0680-014-0000	RETAIL	0.07	67,518	$4,726.26
36	233-0680-015-0000	RETAIL	0.07	63,598	$4,451.86
37	233-0680-019-0000	OTHER COMMERCIAL	0.045	28,750	$1,293.75
38	233-0680-020-0000	OTHER COMMERCIAL	0.045	40,075	$1,803.38
39	233-0680-021-0000	OTHER COMMERCIAL	0.045	22,771	$1,024.70
40	233-0680-022-0000	OTHER COMMERCIAL	0.045	37,897	$1,705.37
41	233-0680-023-0000	OTHER COMMERCIAL	0.045	38,500	$1,732.50
42	243-0060-012-0000	RETAIL	0.07	17,860	$1,250.20
43	243-0060-013-0000	RETAIL	0.07	23,830	$1,668.10
44	243-0060-016-0000	RETAIL	0.07	102,802	$7,196.14
45	243-0060-018-0000	RETAIL	0.07	41,260	$2,888.20
46	243-0060-021-0000	RETAIL	0.07	138,956	$9,726.92
47	243-0060-023-0000	RETAIL	0.07	22,660	$1,586.20

48	243-0060-027-0000	RETAIL	0.07	30,290	$2,120.30
49	243-0060-033-0000	RETAIL	0.07	32,359	$2,265.13
50	243-0060-034-0000	RETAIL	0.07	34,664	$2,426.48
51	243-0060-039-0000	RETAIL	0.07	266,587	$18,661.09
52	243-0060-040-0000	RETAIL	0.07	42,558	$2,979.06
53	243-0060-041-0000	RETAIL	0.07	48,787	$3,415.09
54	243-0060-042-0000	RETAIL	0.07	65,776	$4,604.32
55	243-0060-043-0000	RETAIL	0.07	40,075	$2,805.25
56	243-0060-049-0000	RETAIL	0.07	6,214	$434.98
57	243-0060-050-0000	RETAIL	0.07	25,656	$1,795.92
58	243-0081-001-0000	RETAIL	0.07	9,505	$665.35
59	243-0081-007-0000	RETAIL	0.07	40,641	$2,844.87
60	243-0081-012-0000	RETAIL	0.07	27,007	$1,890.49
61	243-0081-013-0000	RETAIL	0.07	60,548	$4,238.36
62	243-0081-014-0000	RETAIL	0.07	1,360	$95.20
63	243-0081-016-0000	RETAIL	0.07	1,753	$122.71
64	243-0081-018-0000	RETAIL	0.07	138,521	$9,696.47
65	243-0081-019-0000	RETAIL	0.07	10,940	$765.80
66	243-0081-020-0000	RETAIL	0.07	30,056	$2,103.92
67	243-0081-021-0000	RETAIL	0.07	16,117	$1,128.19
68	243-0081-022-0000	RETAIL	0.07	75,794	$5,305.58
69	243-0081-025-0000	RETAIL	0.07	33,932	$2,375.24
70	243-0081-026-0000	RETAIL	0.07	24,935	$1,745.45
71	243-0081-027-0000	RETAIL	0.07	43,341	$3,033.87

72	243-0081-032-0000	RETAIL	0.07	40,187	$2,813.09
73	243-0081-033-0000	RETAIL	0.07	240,016	$16,801.12
74	243-0081-034-0000	RETAIL	0.07	15,787	$1,105.09
75	243-0081-035-0000	RETAIL	0.07	25,077	$1,755.39
76	243-0082-003-0000	RETAIL	0.07	30,056	$2,103.92
77	243-0082-004-0000	RETAIL	0.07	6,985	$488.95
78	243-0082-005-0000	RETAIL	0.07	1,176	$82.32
79	243-0082-006-0000	RETAIL	0.07	26,303	$1,841.21
80	243-0082-007-0000	RETAIL	0.07	37,773	$2,644.11
81	243-0082-008-0000	RETAIL	0.07	6,534	$457.38
82	243-0082-009-0000	RETAIL	0.07	36,234	$2,536.38
83	243-0082-010-0000	RETAIL	0.07	50,965	$3,567.55
84	243-0082-011-0000	RETAIL	0.07	19,468	$1,362.76
85	243-0082-012-0000	RETAIL	0.07	14,810	$1,036.70
86	243-0082-014-0000	RETAIL	0.07	22,696	$1,588.72
87	243-0082-015-0000	RETAIL	0.07	38,852	$2,719.64
88	243-0082-024-0000	RETAIL	0.07	46,609	$3,262.63
89	243-0082-034-0000	RETAIL	0.07	38,332	$2,683.24
90	243-0082-035-0000	RETAIL	0.07	63,162	$4,421.34
91	243-0082-038-0000	RETAIL	0.07	60,984	$4,268.88
92	243-0191-015-0000	RETAIL	0.07	39,708	$2,779.56
93	243-0191-023-0000	RETAIL	0.07	216,057	$15,123.99
94	243-0191-026-0000	RETAIL	0.07	55,757	$3,902.99
95	243-0191-029-0000	RETAIL	0.07	11,761	$823.27

96	243-0191-036-0000	RETAIL	0.07	72,310	$5,061.70
97	243-0191-037-0000	RETAIL	0.07	45,302	$3,171.14
98	243-0191-041-0000	RETAIL	0.07	41,248	$2,887.36
99	243-0191-043-0000	RETAIL	0.07	66,647	$4,665.29
100	243-0191-044-0000	RETAIL	0.07	560,617	$39,243.19
101	243-0191-045-0000	RETAIL	0.07	87,120	$6,098.40
102	243-0191-046-0000	RETAIL	0.07	558,004	$39,060.28
103	243-0191-047-0000	RETAIL	0.07	25,260	$1,768.20
104	243-0191-049-0000	RETAIL	0.07	44,867	$3,140.69
105	243-0191-050-0000	RETAIL	0.07	167,270	$11,708.90
106	243-0191-051-0000	RETAIL	0.07	1,025,402	$71,778.14
107	243-0192-012-0000	RETAIL	0.07	553,648	$38,755.36
108	243-0192-013-0000	RETAIL	0.07	926,521	$64,856.47
109	243-0192-014-0000	RETAIL	0.07	788,436	$55,190.52
110	243-0192-015-0000	RETAIL	0.07	538,402	$37,688.14
111	243-0192-016-0000	RETAIL	0.07	121,968	$8,537.76
112	243-0192-017-0000	RETAIL	0.07	1,104,682	$77,327.74
113	243-0192-018-0000	RETAIL	0.07	139,828	$9,787.96
114	243-0192-019-0000	RETAIL	0.07	22,659	$1,586.13
115	243-0350-002-0000	RETAIL	0.07	21,780	$1,524.60
116	243-0350-007-0000	RETAIL	0.07	60,113	$4,207.91
117	243-0350-008-0000	RES	0	60,113	$0.00
118	243-0350-025-0000	OTHER COMMERCIAL	0.045	122,839	$5,527.76
119	243-0350-028-0000	OTHER COMMERCIAL	0.045	264,845	$11,918.03

120	243-0350-029-0000	RETAIL	0.07	8,251	$577.57
121	243-0350-030-0000	RETAIL	0.07	44,431	$3,110.17
122	243-0350-034-0000	RETAIL	0.07	57,064	$3,994.48
123	243-0350-035-0000	RETAIL	0.07	14,309	$1,001.63
124	243-0350-036-0000	RETAIL	0.07	64,904	$4,543.28
125	243-0350-037-0000	RETAIL	0.07	31,363	$2,195.41
126	243-0350-038-0000	RETAIL	0.07	36,590	$2,561.30
127	243-0350-041-0000	RETAIL	0.07	81,893	$5,732.51
128	243-0350-042-0000	RETAIL	0.07	35,734	$2,501.38
129	243-0470-074-0000	RETAIL	0.07	4,356	$304.92
130	243-0480-022-0000	RETAIL	0.07	4,562	$319.34
131	243-0480-023-0000	RETAIL	0.07	27,124	$1,898.68
132	243-0480-024-0000	RETAIL	0.07	32,452	$2,271.64
133	243-0480-026-0000	RETAIL	0.07	32,896	$2,302.72
134	243-0480-027-0000	RETAIL	0.07	38,192	$2,673.44
135	243-0480-028-0000	RETAIL	0.07	7,067	$494.69
136	243-0480-030-0000	RETAIL	0.07	18,000	$1,260.00
137	243-0480-031-0000	RETAIL	0.07	12,840	$898.80
138	243-0480-032-0000	RETAIL	0.07	131,116	$9,178.12
139	233-0680-017-0000	OTHER COMMERCIAL	0.045	41,382	$1,862.19

APPENDIX 4 – TOTAL ESTIMATED MAXIMUM COST OF IMPROVEMENTS AND ACTIVITIES

The estimated maximum cost of the line items below was developed based on the estimated costs of providing services in the proposed SMPPBID. The costs below are estimated, and the actual line item costs will fluctuate. The table below shows expenditures from assessment and non-assessed funds. Assessment funds are governed by Section IV. There is no limit on reallocation of non-assessment funds by Sunrise MarketPlace Inc. The total maximum budget may exceed the maximum listed in this table if parcel ownership changes results in parcels being assessed at a higher rate due to a higher estimated benefit.

Fiscal Year	District Enhancement	Economic Development	Advocacy & Admin	Contingency	Total
2025	$682,947.57	$45,430.34	$163,885.03	$18,209.45	$910,472.39
2026	$717,094.95	$47,701.85	$172,079.28	$19,119.92	$955,996.00
2027	$752,949.70	$50,086.94	$180,683.25	$20,075.92	$1,003,795.81
2028	$790,597.18	$52,591.29	$189,717.41	$21,079.71	$1,053,985.59
2029	$830,127.04	$55,220.86	$199,203.28	$22,133.70	$1,106,684.88
2030	$871,633.40	$57,981.90	$209,163.44	$23,240.38	$1,162,019.12
2031	$915,215.07	$60,880.99	$219,621.61	$24,402.40	$1,220,120.07
2032	$960,975.82	$63,925.04	$230,602.69	$25,622.52	$1,281,126.07
2033	$1,009,024.61	$67,121.29	$242,132.83	$26,903.65	$1,345,182.38
2034	$1,059,475.84	$70,477.36	$254,239.47	$28,248.83	$1,412,441.50
Total	**$8,590,041.18**	**$571,417.86**	**$2,061,328.29**	**$229,036.48**	**$11,451,823.81**

APPENDIX 5 – MAP

