

# Downtown Chula Vista Property-Based Business Improvement District

## Management District Plan



City of Chula Vista, California

January 2016

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*Prepared pursuant to the State of California  
Property and Business Improvement District Law of 1994  
and Article XIID of the California Constitution  
to create a property-based business improvement district*

**Downtown Chula Vista  
Property and Business Improvement District  
Management District Plan**

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## SECTION 1: Executive Summary

Established in 2001 and renewed in 2006, the Downtown Chula Vista PBID was initiated by petition from downtown property and business owners. The District’s activities and improvements aim to improve and convey special benefits to properties located within downtown Chula Vista.

To guide the PBID for the next ten years, a PBID renewal steering committee and the Third Avenue Village Association (TAVA) board of directors have developed a new PBID Management Plan that responds to today’s market opportunities and district challenges. The District will provide new improvements and activities, including both environmental and economic enhancements. Each of the activities is designed to meet the goals of the District; to improve the appearance and safety of the District, to increase building occupancy and lease rates, to encourage new business development and attract ancillary businesses and services. As described in the Management District Plan, it is proposed that the PBID will provide funding for enhanced maintenance, safety, and beautification and economic development programs, above and beyond those provided by the City of Chula Vista.

### **Summary Management Plan**

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

<p><b>Location</b></p>	<p>The District encompasses approximately a 16-block area along the Third Avenue commercial corridor, bounded roughly by E Street to the north, Church Avenue to the east, Landis Avenue to the west and I Street to the south. It also includes one block on F Street, including the central library and police station.</p>
<p><b>Why Renew the PBID?</b></p>	<p>In the renewal process, Downtown Chula Vista property and business owners have stated the following reasons for continuing the PBID:</p> <ul style="list-style-type: none"> <li>- Keep downtown clean, safe and attractive</li> <li>- Protect the heart of the city – keep it unique</li> <li>- Can’t slip back to conditions that existed prior to the PBID</li> <li>- Downtown property and business owners have a stronger voice when unified through the PBID</li> <li>- The PBID offers a competitive advantage in marketing downtown.</li> </ul> <p>More than 80 downtown stakeholders, mostly property and business owners also responded to an online survey seeking priorities for PBID renewal. Overall, respondents rate the existing PBID with a “B” grade – “services are good but there is room for improvement”. Priorities for the next term of the PBID include:</p> <ul style="list-style-type: none"> <li>- Business development to attract new retail and restaurants</li> <li>- Increase efforts to address homelessness and transients</li> <li>- Capital improvements to make Third Avenue more attractive</li> <li>- Recruit more service businesses for residents</li> </ul>

<p><b>Services and Activities</b></p>	<p>The PBID will finance activities and improvements that will improve Downtown Chula Vista’s environment for property owners, residents, workers and visitors, including:</p> <p><b><u>Environment:</u></b></p> <ul style="list-style-type: none"> <li>- Maintenance Teams that sweep, scrub and pressure wash sidewalks, remove litter and graffiti, increase the frequency of trash removal and maintain landscaping throughout the District.</li> <li>- Safety &amp; Hospitality Ambassadors that provide information on activities and attractions, work with local police, business and property owners to prevent crime and reduce homelessness and improve quality of life issues.</li> <li>- Beautification improvements that make Downtown Chula Vista more visually attractive, which may include: wayfinding signage, trash cans, holiday décor, enhanced streetscape, planters, etc.</li> </ul> <p><b><u>Economic:</u></b></p> <ul style="list-style-type: none"> <li>- Economic and business development activities to support the growth and vitality of existing business investments, promote a stronger business mix, and enhance the image of Downtown Chula Vista as a destination for consumer and investment revenues. Working with City staff to expedite the tenant improvement process.</li> <li>- Marketing to promote a positive image of downtown as a regional destination, and services aimed at attracting a diverse cultural consumer base, quality commercial and office tenants, and private investment.</li> </ul>																										
<p><b>Budget</b></p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #003366; color: white;"> <th style="text-align: left;">ACTIVITY</th> <th style="text-align: right;">TOTAL</th> </tr> </thead> <tbody> <tr style="background-color: #e6f2ff;"> <td colspan="2"><b>ENVIRONMENTAL ENHANCEMENTS</b></td> </tr> <tr> <td>Ambassadors, Homeless Initiative, Beautification, District-Wide Maintenance</td> <td style="text-align: right;">\$90,000</td> </tr> <tr> <td>Third Avenue Additional Maintenance</td> <td style="text-align: right;">\$70,000</td> </tr> <tr style="border-top: 1px solid black;"> <td><b>Total Environmental Enhancements</b></td> <td style="text-align: right;"><b>\$160,000</b></td> </tr> <tr style="background-color: #e6f2ff;"> <td colspan="2"><b>ECONOMIC ENHANCEMENTS</b></td> </tr> <tr> <td>Business Development, Communications, Marketing, Branding, Parking Management</td> <td></td> </tr> <tr style="border-top: 1px solid black;"> <td><b>Total Economic Enhancements</b></td> <td style="text-align: right;"><b>\$170,000</b></td> </tr> <tr style="background-color: #e6f2ff;"> <td colspan="2"><b>ADVOCACY/ADMINISTRATION</b></td> </tr> <tr> <td>Personnel: Administrative Support</td> <td></td> </tr> <tr style="border-top: 1px solid black;"> <td><b>Total Advocacy/Administration</b></td> <td style="text-align: right;"><b>\$100,000</b></td> </tr> <tr style="border-top: 1px solid black;"> <td><b>PBID RESERVE (5%)</b></td> <td style="text-align: right;"><b>\$25,000</b></td> </tr> <tr style="background-color: #003366; color: white; border-top: 1px solid black;"> <td><b>TOTAL PBID BUDGET</b></td> <td style="text-align: right;"><b>\$455,000</b></td> </tr> </tbody> </table>	ACTIVITY	TOTAL	<b>ENVIRONMENTAL ENHANCEMENTS</b>		Ambassadors, Homeless Initiative, Beautification, District-Wide Maintenance	\$90,000	Third Avenue Additional Maintenance	\$70,000	<b>Total Environmental Enhancements</b>	<b>\$160,000</b>	<b>ECONOMIC ENHANCEMENTS</b>		Business Development, Communications, Marketing, Branding, Parking Management		<b>Total Economic Enhancements</b>	<b>\$170,000</b>	<b>ADVOCACY/ADMINISTRATION</b>		Personnel: Administrative Support		<b>Total Advocacy/Administration</b>	<b>\$100,000</b>	<b>PBID RESERVE (5%)</b>	<b>\$25,000</b>	<b>TOTAL PBID BUDGET</b>	<b>\$455,000</b>
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<p><b>Method of Financing</b></p>	<p>Levy of assessments upon real property that benefit from improvements and activities.</p>																										
<p><b>Assessments</b></p>	<p>Annual assessments are based upon an allocation of program costs and a calculation of lot square footage and street frontage. Estimated annual maximum assessment rates for the first year of the district follow:</p>																										

	<b>Assessment Rates</b>	<b>Per Sq.Ft. of Lot</b>	<b>Per Linear Foot</b>
	<b>Properties along Third Avenue</b> (between E and H Streets)	\$0.089	\$16.303
	<b>All other properties in the District</b>	\$0.089	\$2.323
<b>Cap</b>	Annual assessments may increase no more than 5% per year, consistent with the increase in consumer price index (CPI) and increases in program costs. The determination of annual adjustments in assessment rates will be subject to the review and approval of the board of the Third Avenue Village Association.		
<b>City Services</b>	The City of Chula Vista has established and documented the base level of pre-existing City services. The PBID will not replace any pre-existing general City services. The District will negotiate with the City on the new maintenance agreement in accordance with the provisions of this Management District Plan.		
<b>Collection</b>	PBID assessments appear as a separate line item on the annual San Diego County property tax bills.		
<b>District Governance</b>	The PBID will be managed by the Third Avenue Village Association (TAVA). TAVA's Board of Directors comprising of a majority of downtown Chula Vista property owners will help determine the PBID uses and budget each year.		
<b>District Continuation</b>	California law for PBID district formation/continuation requires the submission of petitions signed by property owners in the proposed district who will pay more than 50% of the total assessments (i.e. petitions must represent more than 50% of the \$455,000 to be assessed). Petitions are submitted to the Chula Vista City Council, and the City will mail ballots to all affected property owners. The majority of ballots returned, as weighted by assessments to be paid, must be in favor of the PBID in order for the City Council to consider approval.		
<b>Duration</b>	The district will have a 10-year life beginning January 1, 2017. In five years (i.e. 2021), the Third Avenue Village Association and downtown property owners will undertake a review of the Management District Plan and PBID programs. Any new or increased assessments that are not consistent with the provisions of this Management District Plan will require a new mail ballot process.		

## **Section 2: PBID Boundary**

### ***PBID Boundary***

The proposed Downtown Chula Vista PBID will deliver its services to the commercial corridor mainly along Third Avenue. The current boundaries are from E Street to the north, I Street to the south, Church Avenue to the east and Landis Avenue to the west. It also extends west on F Street to Fourth Avenue, encompassing the City of Chula Vista central library and police station.

Within the PBID boundary there are two different benefit zones for the maintenance programs and activities. It was determined that the Third Avenue corridor required more maintenance services than the rest of the properties in the PBID. Described below are the benefit zones.

**District-Wide Maintenance:** is all assessable properties within the PBID boundary. All parcels in the PBID boundary will receive the same base level of maintenance services.

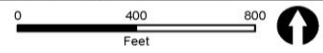
**Third Avenue Enhanced:** is all assessable properties with frontage along Third Avenue between E Street and H Street. These properties will receive a higher frequency level of maintenance services than other parcels within the PBID boundary.

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



Proposed Boundaries for the  
Downtown Chula Vista PBID

- Third Av Enhanced Services
- District-Wide Boundary
- Parcels



**Downtown Chula Vista**

## Section 3: PBID Activity and Improvement Plan

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

- ◆ Environmental Enhancements (Public Safety, Maintenance, Homeless Outreach, Beautification)
- ◆ Economic Development and Marketing (Business recruitment and retention, Improve permitting processes, Market downtown to tenants, brokers and investors)
- ◆ Administration/Advocacy

The goals for the PBID are to:

- 1) Provide a safe and clean environment within the District that will attract private investment and more business and residential activity, and improve assessed parcels.
- 2) Improve commerce within the PBID by filling vacancies and increasing lease and rental rates to encourage reinvestment within the district.

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

### ***Environmental Enhancements***

#### **Public Safety Options Include:**

**Downtown Chula Vista Ambassador Program:** Downtown will consider investing in an Ambassador Guide program to support the police department, property owners, and tenants in overall efforts to prevent crime and reduce street disorder, while offering a customer service orientation to pedestrians. Ambassadors can provide highly visible neighborhood security and are intended to supplement-not supplant individual building security and the Chula Vista Police Department.

**Integration with the Chula Vista Police Department:** Ambassadors can work closely with the Chula Vista Police and integrate the downtown commercial area with that of the Police. Chula Vista Police Department officers can be active in the development and training of an ambassador program.

**Bicycle Patrol:** A Bike Patrol can deter aggressive panhandling and other unsuitable street behavior. Their presence is a deterrent to theft and burglary from motor vehicles; however, the service does not completely prevent these crimes. They also deter and report illegal street vending, illegal dumping and street code violations. They observe and report a myriad of quality-of-life problems including: drinking in public, urinating in public, public drunkenness, trespassing, and shopping cart confiscation.



**Foot Patrol:** A Foot Patrol can concentrate on the highest pedestrian use corridors such as Third Avenue. A Foot Patrol has the same mission and receives the same training as the Bike Patrol. Uniforms and equipment can be identical. Because of their easy accessibility to pedestrians, the Foot Patrol can act as ambassadors helping visitors find their dining, shopping and parking destinations.

**Maintenance Options Include:**

**Downtown Chula Vista Clean Team:** The Clean Team consistently deals with maintenance issues within the District. To effectively deal with the maintenance issues facing Downtown Chula Vista, a multi-dimensional approach has been developed consisting of the following elements:

**Sidewalk Maintenance:** Uniformed, radio-equipped personnel sweep litter, debris, and refuse from sidewalks and gutters of the District, and clean all sidewalk hardscape such as trash receptacles, benches, and parking meters.

**Alley Maintenance:** The Clean Team and Ambassadors can each have responsibility in this area. The Ambassadors address owner and tenant compliance with City code issues on cleanliness of sidewalks, alleys and illegal dumping. The Clean Team crew can sweep alleys, remove graffiti and clear the alleys of debris when a responsible party cannot be found for illegal dumping or other violations. The parking lots are maintained with a separate agreement with the City and not funded through the PBID.

**Graffiti Removal:** The Clean Team can remove graffiti up to 12' by painting, using solvent and pressure washing. The District will maintain a zero tolerance graffiti policy. All tags will aim to be removed within 48 hours of notification.

**Sidewalk Pressure Washing:** The Third Avenue service area is to have all sidewalks pressure washed quarterly. The high use areas will be cleaned more frequently or on an as-needed basis. However, during drought years pressure washing may not be permitted.

**Landscape Maintenance:** Public landscape areas, tree wells, and planters will be maintained and kept free of litter and weeds.

The proposed service frequencies for Maintenance services for the Third Avenue corridor versus the remainder of the district are provided below:

Activity	District-Wide Service Area	Third Avenue Service Area
Sidewalk Sweeping	Weekly	Daily
Power Washing Sidewalks	None	Quarterly (4 times per year)
Graffiti removal	As Needed	As Needed
Landscape & Plantings	None	Daily
Irrigation	None	As Needed
Alley Cleaning	Weekly	Weekly

### **Homeless Outreach**

Reducing homelessness and containing disruptive behaviors from street populations is another top priority among downtown property and business owners, citing concerns with nuisance crimes, compounding maintenance issues, and creating an intimidating street atmosphere.

**Specific program and service components:** To reduce homelessness in Downtown Chula Vista, a multi-faceted approach that combines resources from the business community, city and social service agencies is proposed. Elements of this initiative that could be supported by PBID assessments could include:

- **Homeless Outreach Team:** In partnership with a social service agency, a homeless outreach team could include professional social workers that meet daily with homeless individuals, helping to place them in the city's continuum of care, or offering assistance to stabilize their condition on the street.
- **Ambassadors**, described above, are expected to be trained in concert with social service providers to assist in connecting street populations to appropriate services.

### **Beautification**

In addition to clean and safe services, the PBID budget may include funds for beautification and placemaking improvements that are defined as cosmetic enhancements that improve the appearance and walkability within the PBID, in turn encouraging customer traffic and improved quality of life for residents. Examples of beautification improvements might include:

- Design and installation of flowering planters and baskets
- Directional/wayfinding signage or themed Village signage
- Street furniture and amenities, such as benches, kiosks and lighting
- Design and installation of art and decorative elements
- Holiday décor or tree lighting
- Bicycle racks and other hardware
- Urban design and/or planning services to advance beautification efforts
- Other cosmetic enhancements that improve the PBID's appearance.

### **Economic Enhancements**

Business development ranked highest among property and business owners as the single most important program that the PBID should provide. Moving forward with the PBID, economic development and marketing activities will shift from consumer marketing to investor marketing. The PBID's Economic Development Committee will develop annual work programs that may include the following:

**Economic Development** services to aid in efforts to attract a stronger mix of businesses and work with tenants/owners and city staff to expedite the city permitting process. Options may include:

- Design and production of investor marketing packages to assist real estate brokers, developers and property owners in business recruitment efforts.
- Maintenance of a district database with local market and real estate information.

- Market research and market-based planning to target private investment to strengthen the downtown marketplace.
- Trouble-shooting and permitting liaison services to assist property and business owners to invest and operate in the district. Coordinate with the City's Ombudsman on these services.
- Enhanced research and development of the downtown website.
- Coordinate efforts with the City of Chula Vista in developing an outreach program to property owners, real estate brokers and local/regional businesses to develop under-utilized downtown properties.
- Business retention efforts to encourage existing businesses to grow.

**Destination Marketing** programs that aim to position downtown Chula Vista as a dining, retail and entertainment destination. Marketing programs must demonstrate collective benefits to business and property owners. Options may include:

- Advertising, including branding, coordinated campaigns and increased placement and frequency in mass media venues.
- Public relations efforts to promote a positive image and overall experience.
- Increased distribution and enhanced quality of publications, including the downtown map and directory and future activity guides.
- Improved special event production and promotions.
- Design, installation and maintenance of a new downtown directional signage system.

**Communications** services to better inform business and property owners.

- Continued publication of a downtown district newsletter.
- PBID ratepayer surveys to measure overall satisfaction with programs.
- Media relations activities to project a creative and exciting business image in local, regional and national media.

### ***Advocacy, Administration and Reserve***

The PBID supports a professional staff that delivers programs and advocates on behalf of the Downtown district. The PBID allows downtown property owners to project a unified voice and elevate their influence in policies and issues that affect the central business district. Funds are allocated to office and support services such as bookkeeping, office rent, insurance, office equipment and professional development and training for the staff and the PBID's Owners' Association. A 5.0% operating reserve is also budgeted as a contingency for any payment of delinquencies and/or unforeseen budget adjustments.

## Section 4: PBID Assessment Budget

### 2017 PBID Assessment Budget

The following table outlines the PBID maximum assessment budget for 2017.

EXPENDITURES	BUDGET	% of Budget
<b>Environmental Enhancements</b>		
Clean, Safe, Homeless, Beautiful	\$90,000	19.78%
Third Avenue Addt'l Maintenance	\$70,000	15.38%
<b>Total Environment</b>	<b>\$160,000</b>	<b>35.16%</b>
<b>Economic Enhancements</b>	<b>\$170,000</b>	<b>37.36%</b>
<b>Administration</b>	<b>\$100,000</b>	<b>21.98%</b>
<b>PBID Reserve</b>	<b>\$25,000</b>	<b>5.49%</b>
<b>Total Expenditures</b>	<b>\$455,000</b>	<b>100.00%</b>
REVENUES		
Assessment Revenues	\$449,652	98.82%
General Benefit Revenues	\$5,348	1.18%
<b>Total Assessment District Revenues</b>	<b>\$455,000</b>	<b>100.00%</b>

### Budget Adjustments

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

### 10-Year Maximum Budget

The following table illustrates the PBID's maximum annual budget for the 10-year life term, adjusting it by the maximum 5% inflation factor.

EXPENDITURES	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Environmental	\$160,000	\$168,000	\$176,400	\$185,220	\$194,481	\$204,205	\$214,415	\$225,136	\$236,393	\$248,213
Economic	\$170,000	\$178,500	\$187,425	\$196,796	\$206,636	\$216,968	\$227,816	\$239,207	\$251,167	\$263,726
Administration	\$100,000	\$105,000	\$110,250	\$115,763	\$121,551	\$127,628	\$134,010	\$140,710	\$147,746	\$155,133
PBID Reserve	\$25,000	\$26,250	\$27,563	\$28,941	\$30,388	\$31,907	\$33,502	\$35,178	\$36,936	\$38,783
<b>TOTAL Budget</b>	<b>\$455,000</b>	<b>\$477,750</b>	<b>\$501,638</b>	<b>\$526,719</b>	<b>\$553,055</b>	<b>\$580,708</b>	<b>\$609,744</b>	<b>\$640,231</b>	<b>\$672,242</b>	<b>\$705,854</b>

## Section 5: Public Sector Participation

### Existing City Services

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

### Rationale for Public Property Assessments

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

Therefore, government uses are assessed for the special benefits they receive from the PBID activities. The assessment methodology to allocate the cost of these improvements is consistent with all other land uses in the district: parcel square footage plus linear street frontage. Please see Section 6: Assessment Methodology for further discussion.

The publicly owned parcels within the PBID boundary and their respective assessments are indicated below.

APN	OWNER NAME	Site Address	PARCEL ASSMT 16/17
568-044-02-00	City Of Chula Vista	205 Landis Ave	\$693.78
568-044-09-00	City Of Chula Vista	999999 Landis Av	\$554.20
568-044-10-00	City Of Chula Vista	999999 Landis Av	\$1,397.75
568-044-11-00	City Of Chula Vista	999999 Landis Av	\$1,497.38
568-044-19-00	City Of Chula Vista	224 3Rd Ave	\$1,204.34
568-071-01-00	City Of Chula Vista	201 Third Av	\$1,495.71
568-071-18-00	City Of Chula Vista	248 Church Ave	\$942.81
568-071-19-00	City Of Chula Vista	*No Site Address*	\$838.51
568-071-21-00	City Of Chula Vista	Church Ave	\$605.33
568-071-22-00	City Of Chula Vista	230 Church Ave	\$639.18
568-152-02-00	City Of Chula Vista	281 Landis Av	\$675.78
568-152-03-00	City Of Chula Vista	281 Landis Av	\$655.79
568-152-29-00	City Of Chula Vista	*No Site Address*	\$653.16
568-152-32-00	City Of Chula Vista	Landis Ave	\$3,238.68
568-153-02-00	City Of Chula Vista	365 F St	\$17,626.10
568-161-25-00	City Of Chula Vista	*No Site Address*	\$1,539.86
568-162-08-00	City Of Chula Vista	281 Church Ave	\$753.99
568-162-09-00	City Of Chula Vista	287 Church Ave	\$642.76

APN	OWNER NAME	Site Address	PARCEL ASSMT 16/17
568-270-29-00	City Of Chula Vista	340 F St	\$13,972.01
568-270-31-00	City Of Chula Vista		\$15,646.11
568-300-44-00	City Of Chula Vista	352 Third Av	\$9,033.56
568-333-11-00	City Of Chula Vista	270 F St	\$6,479.23
568-334-05-00	City Of Chula Vista	288 Center St	\$948.78
568-334-06-00	City Of Chula Vista	336 Church Ave	\$648.50
568-334-07-00	City Of Chula Vista	338 Church Ave	\$687.92
568-334-08-00	City Of Chula Vista	342 Church Ave	\$680.96
568-350-02-00	City Of Chula Vista	*No Site Address*	\$878.46
568-350-03-00	City Of Chula Vista	*No Site Address*	\$876.71
568-351-04-00	City Of Chula Vista	Church Ave	\$906.78
568-351-05-00	City Of Chula Vista	Church Ave	\$339.98
<b>SUBTOTAL CITY:</b>			<b>\$86,754.09</b>
573-100-38-00	County Of San Diego	590 Third Av	\$14,917.24
573-100-39-00	County Of San Diego	500 Third Av	\$47,734.21
<b>SUBTOTAL COUNTY:</b>			<b>\$62,651.45</b>
<b>TOTAL PUBLIC AGENCY:</b>			<b>\$149,405.54</b>

## **Section 6: Assessment Methodology**

### ***General***

This Management District Plan provides for the levy of assessments for the purpose of providing services and activities that specially benefit real property in the PBID. These assessments are not taxes for the general benefit of the City, but are assessments for the services and activities which confer special benefits upon the real property for which the services and activities are provided.

### ***Assessment Factors***

Downtown Chula Vista property owners and business owners have emphasized that the assessment formula for the Downtown Chula Vista PBID be fair, balanced, and have a direct relationship to special benefits received. The State enabling legislation also states, "Assessments levied on real property...shall be levied on the basis of the estimated benefit to the real property within the...district."

The method used to determine proportional special benefits are measured by each parcel's lot square footage and linear street frontage. For a complete and detailed description of the assessment factors and the assessment formulas, please refer to the Engineer's Report included as Appendix A.

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

All special benefits derived from the assessments outlined in this report are for property related activities directly benefiting each individual assessed parcel in the PBID. The special benefit must affect the individual assessable parcel in a way that is particular and distinct from its effect on other parcels, and that real property in general and the public at large do not share. No parcel's assessment shall be greater than the special benefits received.

Streets and Highways Code Section 36601(e) states that "Property and business improvement districts formed throughout this state have conferred special benefits upon properties and businesses within their districts, and have made those properties and businesses more useful by providing the following benefits: (1) Crime reduction. A study by the Rand Corporation has confirmed a 12-percent reduction in the incidence of robbery and an 8-percent reduction in the total incidence of violent crimes within the 30 districts studied. (2) Job creation. (3) Business attraction. (4) Business retention. (5) Economic growth. (6) New investments.

The PBID's goal is to fund activities and improvements that provide a cleaner, safer, and more attractive and economically vibrant environment as outlined in Section B. The goal of improving the economic vitality is achieved by improving the safety, cleanliness, marketing, and appearance of each specially benefitted parcel in an effort to increase commerce, to increase building occupancy and lease rates, and to attract more customers, employees, tenants and investors.

Each parcel will specially benefit from:

- Cleaner and safer sidewalks, streets, alleyways, and common areas
- Real and perceived public safety improvements
- Greater pedestrian traffic

- Enhanced rental incomes
- Improved business climate
- New business and investment
- Well managed programs and services

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

### **Safety**

The enhanced safety activities make the area more attractive for businesses, customers, residents, and ultimately private investment. When business location decisions are made, “lower levels of public safety lead to increased uncertainty in decision making and can be perceived as a signal of a socio-institutional environment unfavorable for investment. Uncertainty affects the investment environment in general. But in particular, it increases the fear of physical damage to investment assets (or to people) or their returns...Almost universally, places with lower crime rates are perceived as more desirable”.<sup>1</sup> Once economic investment occurs within the district, pedestrian traffic and commercial activity will increase. The special benefit to assessed parcels from these services is the likelihood of increased lease rates and tenant occupancy due to the increase of commercial activity, and an increase in customers that follow from having a safer environment.

### **Maintenance and Beautification**

The maintenance and beautification activities benefit each assessed parcel within the PBID by providing a clean and aesthetically appealing environment. This is achieved through sidewalk sweeping and power washing, removing litter and graffiti, and trash removal. In addition, the beautification activities benefit each assessed parcel by providing wayfinding signage, sidewalk benches, holiday décor, planters, etc. These activities create the environment needed to achieve the PBID goals.

### **Economic Development**

The economic development activities will specially benefit each assessed parcel by encouraging business development and investment. This generates customer traffic which directly relates to increases in commercial activity including residential serving businesses, filling of vacant storefronts and offices, and ultimately increased lease rates for retail and office space.

### **Special Benefit Conclusion**

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

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

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<sup>1</sup> “Accelerating economic growth and vitality through smarter public safety management” IBM Global Business Services Executive Report, September 2012, pg. 2



## **General Benefit Analysis**

As required by the State Constitution Article XIID Section 4(a), the general benefits of an assessment district must be quantified and separated out so that the cost of the activities that are attributed to general benefit are deducted from the cost assessed against each specially benefitted parcel. General benefits are benefits from the PBID activities and improvements that are not special in nature, are not “particular and distinct”, and are not over and above the benefits that other parcels receive. This analysis will evaluate and determine the level of general benefits that (1) parcels outside of the PBID, and (2) the public at large, may receive.

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

All the PBID activities and improvements are provided solely to each of the individual assessed parcels in the PBID boundary. Each of the PBID activities is provided to the public right-of-ways (streets, alleys, sidewalks) adjacent to all specially benefitted parcels or tenants in the PBID. None of the surrounding parcels will directly receive any of the PBID activities. Any benefits these parcels may receive are incidental to providing special benefits to the assessed parcels, and thus any cost associated to the incidental benefits are not reduced from the cost of providing special benefit.

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

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

To help determine this, 6 business districts in nearby Los Angeles (Historic Downtown, Leimert Park, Arts District, Downtown Industrial, Fashion District, and Sherman Oaks) conducted intercept surveys. These surveys determined the percentage of people that are within the district that are not specially benefitted and did not engage in business activity. The six intercept surveys found that on average 1.4% of the respondents were within the district boundary and not specially benefitted.

In the case of the Downtown Chula Vista PBID we use these survey results to then further quantify the relative benefit the specially benefitted public and the general public may receive from the PBID activities. The general public may appreciate the enhanced level of security and maintenance as well as the beautification activities as it passes through the District whether they are engaging in commerce or not. The specially benefitted public receives 100% of the PBID activities and special benefit. The general public's relative benefit is less than the specially benefitted public, and based on the surveys discussed above, that percentage is 1.4%. However, to be conservative, we apply a relative benefit percentage of 5.0% to account for any potential difference between Los Angeles PBIDs and the Downtown Chula Vista PBID.

We then apply the relative benefit percentage for the general public to each of the PBID activities. The table below shows the budget for each of the PBID activities and their respective percentage of the total PBID budget. We then apply a relative benefit factor to each activity accounting for the potential benefit the general public may receive. The relative benefit factor is then multiplied by the PBID activity's budget percentage to determine the overall benefit factor. The following table illustrates this calculation.

PBID Activity	A Budget Amount (1)	B % of Budget (2)	C General Benefit Factor	D General Benefit Percent (B x C)	E General Benefit Allocation (A x D)
Environmental	\$220,606	48.48%	5.00%	2.42%	\$5,348

(1) \$160,000 for Environmental expenses plus 48.48% of Administration plus Reserve expenses

(2) \$220,606 divided by the total \$455,000 PBID budget equals 48.48%

This analysis indicates that \$5,348 may be attributed to general benefit to the public at large, and will be raised from sources other than special assessments.

### **Total General Benefits**

Using the sum of the two measures of general benefit described above, we find that \$5,348 or 1.18% of the total PBID budget may be general in nature and will be funded from sources other than special assessments.

### **Assessment Calculation**

As previously discussed, the PBID activities are segregated into two benefit zones; those parcels that front Third Avenue and those that do not. Each benefit zone's land use characteristics and assessment factors are as follows:

Assessment Factors	District-Wide	Third Avenue
Lot Square Feet	3,369,642	
Linear Street Frontage	19,325	6,737

Based on the parcel characteristics and the budget for each, the following are the calculated rates for each assessment factor and each benefit zone for fiscal year 2016/2017.

Assessment Factor	Assmt Rate
Lot Square Foot - Economic	\$0.07124
Lot Square Foot – District wide Maint	\$0.01797
Linear Foot – District wide Maint	\$2.32300
Linear Foot – Third Avenue	\$13.97987

### **Annual Assessment Adjustments**

#### **Budget Adjustment**

Annual assessment rates may be adjusted for annual changes in the San Diego Consumer Price Index (CPI) for all urban consumers and/or other changes in programs costs, not to exceed 5%. Actual annual adjustments may range from 0% to 5%. Assessment rates will not exceed the levels illustrated by the Ten Year Operating Budget and Maximum Assessment exhibit.

#### **Property Use Considerations**

The methodology provides the following treatments for property used exclusively for residential, non-profit and government uses:

- **Treatment of Residential Property:** Proposition 218 states that no parcel is exempt from assessments if that parcel receives benefit from the improvements and activities, this includes residential use parcels. This is based on the premise that in this case residential parcels receive benefit from both the environmental and economic development activities. The economic development programs will aim to bring added services and amenities to the downtown that will benefit residential parcels. The environmental services will provide a cleaner and safer environment for all parcels in the PBID.
- **Vacant Unimproved Land:** For vacant unimproved land within the District, assessments will be calculated at 50% of the assessment for improved lots. This adjustment accounts for the lack of income production and utility provided by vacant unimproved lots. When unimproved lots are improved with parking and/or a structure and as evidenced by the issuance of a building permit, then the full assessment will be placed on the improved property as of the following tax year.
- **Churches:** For the purposes of the PBID, buildings with churches and accessory properties (i.e. parking) for churches will pay only a lot frontage assessment for Environmental Enhancement activities. Economic Enhancement activities will not benefit churches and these properties will not be assessed for lot square footage.
- **Assessment Policy on Non-Governmental Tax-Exempt Properties:** In addition to churches, properties that are exempt from property tax may not receive benefit from the Economic Enhancement activities specified in this Management District Plan and may not be fully assessed for these services. An owner of real property located within the boundaries that meets these criteria may reduce the amount of the lot square footage assessment to be levied if all of the following conditions are met:
  1. The property owner is a non-profit corporation that has obtained federal tax exemption under Internal Revenue Code section 501c3 or California franchise tax-exemption under the Revenue and Taxation Code Section 23701d.
  2. The class or category of real property is eligible for exemption, in whole or in part, from real property taxation.
  3. The property owner makes the request in writing to the Third Avenue Village Association prior to the submission of the PBID assessment rolls to the County Assessor (on or before July 1 of each year), accompanied by documentation of the tax-exempt status of the property owner and the class or category of real property.

If these conditions are met, the amount of the PBID assessment to be levied on lot square footage shall be reduced in the same proportion to the real property tax exemption granted to the property by the County of San Diego.

### **Time and Manner for Collecting Assessments**

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

**Disestablishment**

State law provides for the disestablishment of a PBID pursuant to an annual process. The 30-day period begins each year on the anniversary day that the City Council first establishes the District. Within this annual 30-day period, if the owners of real property who pay more than 50 percent of the assessments levied submit a written petition for disestablishment, the PBID may be dissolved by the City Council. The City Council must hold a public hearing on the proposed disestablishment before voting on whether or not to disestablish the district.

**Duration**

The PBID will have a ten year term commencing January 1, 2017 through December 31, 2026. Any major modifications or new or increased assessments during the term of the district that are not consistent with the provisions of original Management District Plan will require a new mail ballot process.

During Year 5 of the district, or at any other time as determined by the Owners' Association, a formal review of the PBID will be conducted that considers changes in market dynamics, new development, and other influences on the district. The district, through a petition and ballot process, may then be renewed prior to the expiration of the ten year term.

**Bond Issuance**

No bonds will be issued to finance improvements.

## **Section 7: PBID Governance**

### ***City Council***

Following the submission of petitions from property owners representing more than 50% of the assessments to be paid, the City Council, upon holding a public hearing on the proposed District, may elect to renew the PBID. The PBID is renewed by a City Council resolution, including the levy of an assessment on property, if the assessment is first approved by parcel owners in a balloting process.

### ***PBID Governance***

Consistent with business improvement district legislation throughout the nation, California's "Property and Business Improvement District Law of 1994" establishes a governance framework that allows property owners who pay assessments the ability to determine how the assessments are used. This Management District Plan may be subject to changes if required by the state of California or the City of Chula Vista.

**Downtown Chula Vista PBID:** The affairs and corporate powers of the Downtown Chula Vista PBID shall be exercised by, or under the direction of the Third Avenue Village Association (TAVA) board of directors, acting as the PBID Owners' Association. The leadership for these elected representatives will continue to provide meaningful representation by assessment-paying property owners, as well as those other stakeholders who benefit from the services provided.

The Owners' Association of the Downtown Chula Vista PBID should be between 11 to 15 members with commercial property owners comprising a majority of the TAVA board of directors. The remaining seats may be allocated to business owners and residents located within the PBID boundaries.

In addition to the PBID, the TAVA board also oversees a business-based business improvement district (BID) that raises about \$20,000 annually. The BID provides a foundation for special events that are programmed throughout the year by TAVA. To improve accountability for all TAVA programming, the organization's committee structure should be refined as follows:

- The TAVA economic development committee will oversee PBID initiatives and will be comprised of a majority of property owner interests, including at least one property that also sits on the TAVA board of directors.
- The TAVA promotions committee will oversee BID special events activities and will be comprised of a majority of business owners, including at least one business owner that also sits on the TAVA board of directors.

Annual budgets for TAVA, including both PBID and BID, will remain the purview of the TAVA board of directors with input provided by its committees.

## Section 8: Implementation Timeline

The Downtown Chula Vista PBID will have a ten year life from January 1, 2017 to December 31, 2026.

In order for the PBID to meet the start-up date of January 1, 2017, the formation needs to adhere to the following schedule:

Formation Schedule	Dates
Petitions distributed to property owners	February
Marketing campaign to obtain signed petitions: presentations, neighborhood meetings, 50% weighted vote targeting	February - April
City Council adopts Resolution of Intention	Early May
Assessment ballots mailed to property owners	Mid May
City Council holds public hearing and tabulates ballots	Late June