



**THE DOWNTOWN SANTA BARBARA
COMMUNITY BENEFIT IMPROVEMENT DISTRICT
MANAGEMENT DISTRICT PLAN**

**Final Plan Summary -
July 14, 2023**

Prepared pursuant to the City of Santa Barbara's Community Benefit Ordinance # 5995, Amending the Santa Barbara Municipal Code by adding Chapter 4.45 relating to Community Benefit Districts.

Prepared for:

**The Downtown Organization of Santa Barbara
The Santa Barbara South Coast Chamber of Commerce
City of Santa Barbara**

Prepared by:

**New City America, Inc.
The Downtown Santa Barbara
Community Benefit Improvement District Steering Committee**



**Corporate Office ■ 2011 W. California Street ■ San Diego, CA 92110 ■ 619-233-5009 ■
Midwest Office ■ 300 N. State Street ■ Ste 4710 ■ Chicago ILL. ■ 60654 ■ 888-356-2726
New England Office: 42 Pearl Street, ■ New Bedford, MA ■ 02740
mail@newcityamerica.com ■ www.newcityamerica.com ■ Facebook: New City America, Inc.**

Management District Plan Summary

The name of this Community Benefit Improvement District (“CBID”) is the Downtown Santa Barbara Community Benefit Improvement District (“Downtown Santa Barbara CBID” or the “District”). The District is being formed under the City of Santa Barbara’s Community Benefit Ordinance # 5995, amending the Santa Barbara Municipal Code by adding Chapter 4.45 relating to Community Benefit Districts.

The levy of assessments on real property within the proposed District will fund physical improvements to individual properties, attract new customers, tenants, and increase business sales resulting in stabilized rents, particularly after the impact of COVID 19 on property owners throughout Downtown Santa Barbara District. The assessments will fund maintenance, special events and activities, and other special benefits within the District, revitalizing the Downtown Santa Barbara district and creating jobs, attracting and retaining businesses, and reducing crime.

Downtown Santa Barbara CBID Steering Committee

For decades, downtown stakeholders have worked to improve and enhance the experience and overall ambiance of working, visiting, shopping, and residing in the Downtown Santa Barbara district. Despite this ongoing work, efforts have been hindered by a lack of sufficient, sustainable funds to appropriately staff and fund the necessary improvements for the long-term needs of the district.

To ameliorate this situation, in the summer of 2022 the Downtown Organization and the Santa Barbara South Coast Chamber of Commerce hired New City America, a Southern California company that specializes in CBID and PBID investigations and formations, to investigate the likelihood of conceptual support for a new Downtown Santa Barbara District Community Benefit Improvement District. A survey was conducted to gauge support within the community for a new Special Benefit District for both the Downtown Santa Barbara District property owners and the business community alike.

Since the initiation of work last fall, the Downtown Santa Barbara Community Benefit Improvement District Steering Committee has worked diligently to outreach to property owners and build a level of support for the new CBID. The Downtown Santa Barbara CBID Steering Committee has met multiple times, has reviewed multiple versions of a management plan and finalized the boundaries, services, costs and term at its March 2023, CBID Steering Committee meeting. The meeting dates of the Steering Committee included the following:

October 5th, 2022
November 2nd, 2022
November 10th, 2022
December 1st, 2022
January 19th, 2023
February 27th, 2023
March 9th, 2023
March 21st, 2023
April 10th, 2023

May 31st, 2023
June 28th, 2023

The business and property owners who participated in the Downtown Santa Barbara CBID Steering Committee meetings included:

Warren Nocon, Art Prado, Anne Petersen, Richard Berti, Marina Satoafaiga, Tom Luria, Brittany Zajic, Jim Knell, Adam Geeb, Rick Ostrander, Scott San Filippo, Dustin Hoiseth.

Steering Committee: Joe Corazza, Trey Pinner, Crosby Slaughter, Janet Garufis, Ron Robertson, Trevor Large, Geoffrey Carter, Peter Lewis, Mitchell Sjerven, Matt LaBrie, David de L'Arbre, Dan Burnham, CJ Young, Kristen Miller, Mary Lynn Harms-Romo, Courtney Rintoul, Robin Elander, Daniel Ramirez, Consultant, Marco Li Mandri/New City America.

Priority Special Benefit Services/Survey

This past October 2022, a survey was sent out to all the property owners in the proposed CBID area, to ascertain their level of conceptual support for the services that would be funded through the establishment of a new Downtown Santa Barbara Community Benefit Improvement District.) New City America, who is consulting on the formation, tallied the support based upon the property variables that would be assessed in the ultimate funding of the special benefit services of the district. Those property variables include parcel lot size, linear frontage and building square footage. The results were as follows:

We received responses from over 104 property owners representing 213 parcels in the Downtown. In their response to the survey, they prioritized the following special benefit services:

- *95 of the respondents believed that Downtown, as portrayed in the media, has been negative.*
- *103 of the respondents believe that Downtown is safe but suffers from an unsafe image.*
- *122 of the respondents believe that safety ambassadors or private security should be funded to ensure order in Downtown.*
- *128 respondents believe that homeless outreach services to respond to panhandling and loitering issues should be funded with the CBID.*
- *101 respondents would support enhanced sidewalk and gutter sweeping services and sidewalk pressure washing services in Downtown.*
- *119 of the respondents support property owner funded special events such as Holiday décor, street festivals, etc. to improve the identity and bring positive attention to downtown Santa Barbara*
- *100 of the respondents support property owner funded marketing, promotions, social media and branding programs or campaigns to bring new business and attract new tenants to downtown Santa Barbara*

Based upon these results, the Downtown Santa Barbara CBID Steering Committee determined this past January there was enough support to come up with a preliminary Management District plan.

How can a new CBID benefit property owners in Downtown Santa Barbara District?

In summary, a Downtown Santa Barbara CBID is a *Special Benefits Assessment District* whereby property owners vote, through a mail ballot procedure, to supplement their property tax bills to pay for and control the assessments they generate through the CBID. The CBID will not replace current City services, but it can fund solutions to supplement City services in the areas including:

- Safety, petty criminal, and homeless/vacancy problems
- Sidewalk cleanliness
- Increase the trimming and replacement of damaging trees and landscaping
- Install/improve decorative amenities such as street furniture/fixtures/equipment/lighting
- Promote and enhance the brand/image of Downtown Santa Barbara
- Manage events in and around the district
- Create a strong social media presence, and facilitate public relations for Downtown Santa Barbara businesses
- Provide parking directional services and other mobility related activities.
- Promote public space development and placemaking

MOST IMPORTANTLY, THESE PROPERTY ASSESSMENT FUNDS WILL NOT REPLACE EXISTING CITY SERVICES IN THE DOWNTOWN SANTA BARBARA DISTRICT AND WILL BE CONTROLLED BY AN EXISTING OR NEW NON-PROFIT CORPORATION OF PROPERTY AND BUSINESS OWNERS, ESTABLISHED AFTER THE DISTRICT IS VOTED IN BY PROPERTY OWNERS.

Special Benefit Budget Category Analysis

The Downtown Santa Barbara CBID *Management District Plan* gives the property owners greater flexibility in determining the type and frequency of special benefit services that will be allocated on a year-to-year basis.

The proposed Downtown Santa Barbara Community Benefit Improvement District, will fund special benefit services, over and above, what the City of Santa Barbara, are currently providing. Special benefits and supplemental to the general benefits paid for out of the City and County budgets. Those *categories of special benefit services* include the following:

All services listed below are special benefits and supplemental to current City services.

CIVIL SIDEWALKS/SAFETY AND CLEANLINESS/BEAUTIFICATION

Examples of this category of special benefit services and costs may include, but are not limited to:

- Regular sidewalk and gutter sweeping
- Regular sidewalk steam cleaning
- Beautification of the district
- Enhanced trash emptying (over and above city services)
- Timely graffiti removal, within 72 hours as necessary
- Maintenance of existing and new public spaces that are not part of the City of Santa Barbara Park's and Recreation responsibilities.

- Installation and maintenance of hanging plants, planting flowers throughout the district.
- Personnel to manage in-house or contracted maintenance and/or security teams.
- Private security or SBPD overtime officers, and homeless outreach workers

DISTRICT DISTRICT IDENTITY AND PLACEMAKING

Examples of this category of special benefit services and costs may include, but are not limited to:

- Web site development and updating
- Social media, public relations firm
- Enhancing the current City holiday and seasonal decorations
- Branding of the Downtown Santa Barbara CBID properties so a positive image is promoted to the public including the development of a new logo.
- Banner programs
- Public art displays
- Public space design and improvements
- Events and programming
- Business support, retention services including leasing strategies, special marketing to specific categories of businesses, filling of vacancies.
- Personnel to manage in-house or contracted public relations, web site maintenance or social media contractors.

ADMINISTRATION/PROGRAM MANAGEMENT

Examples of this category of special benefit services and costs may include, but is not limited to:

- Staff and administrative costs, contracted or in-house
- Directors and Officers and General Liability Insurance
- Office related expenses
- Rent
- Financial reporting and accounting
- Legal work
- Grant writing

CONTINGENCY/CITY AND COUNTY FEES/RESERVE

Examples of this category of special benefit services and costs include, but is not limited to:

- Delinquencies, City/County fees, reserves

Proposed First Year Downtown Santa Barbara District CBID Budget

Category of Services	Percentage of budget	1 st Year Allocation (rounded)
Civil Sidewalks/Safety and Cleanliness	66%	\$1,790,000
District Identity and Placemaking	14%	\$380,000
Administration	15%	\$407,000
Contingency/Reserve	5%	\$135,206
Total 1 st year Budget	100%	\$2,712,206

METHOD OF FINANCING

The financing of the Downtown Santa Barbara CBID is based upon the levy of special assessments on real properties that receive special benefits from the improvements and activities based upon which Benefit Zone they are located within. See Section 4 for assessment methodology and compliance with Article XIII D of the California State Constitution. There will be five factors used in the determination of proportional costs to the parcels in the District. These five factors are:

- Linear frontage, on all sides of the parcel (excluding alleys)
- Lot square footage
- Building square footage
- Current and future residential condominiums
- Location within one of the two geographic benefit zones of the district

Costs:

The costs per parcel are based upon the five factors listed above. The Benefit Zones are determined by the anticipated special benefits that a parcel will receive based upon its proximity to the core of the district along State Street, as well as the frequency of special benefit services that that parcel will be receiving. All assessments must be proportional to the special benefits received.

First Year Annual Costs Per Benefit Zone

Property Variable	Benefit Zone 1	Benefit Zone 2
Building Square Footage	\$0.22	\$0.16
Lot size	\$0.18	\$0.13
Linear Frontage	\$6.00	\$4.50
Residential Condos Unit Sq. Ft.	\$0.22	\$0.22

In addition, other factors will be used to determine assessments based upon the anticipated benefit with the current land uses:

- Residential condominiums will be assessed for parcel unit building square footage only.
- All publicly owned and operated parcels will be assessed for linear frontage and lot size only.
- Hotels within the boundaries of the proposed district will not pay for the District Identity and Placemaking services since they are currently funding the Tourism Improvement District, which funds those special benefit services.

Data and Benefit Zones

There are 642 individual parcels owned by 430 property owners in the proposed Downtown Santa Barbara Community Benefit Improvement District. The data was obtained by Santa Barbara County Assessors as well as input from the various property owners in the Downtown Santa Barbara District and Co-Star (a real estate software). The following data is used as the basis for the generation of the CBID.

Property Data by Benefit Zone

Zones	Building Square Feet	Lot Square Feet	Linear Frontage	Residential Condos/Apt
1	5,207,479 sq. ft	5,550,613 sq. ft.	55,124 linear feet	79,852 sq. ft.
2	408,940 sq. ft.	1,005,309 sq. ft.	9,885 linear feet	23,270 sq. ft.
Total	5,616,419 sq. ft	6,555,922 sq. ft	65,009 linear feet	103,122 sq. ft.

Boundaries:

The following description summarizes the two different Benefit Zones within the proposed Downtown Santa Barbara Community Benefit Improvement District. Both of the Benefit Zones are predominantly geographically based. The key differences in the assessment methodology and service levels will be based only on:

1. the location in one benefit zone or the other,
2. whether the parcels are publicly owned and
3. if the parcel is a single residential condominium.

Otherwise the assessment methodology will be applied equally to all land uses, with the exceptions listed above. *State Street and the other related streets run on a diagonal from the northwest to the southeast, ending at the Pacific*

Zone 1: Core Area:

In general,

On the northwest side: the southern side of Sola Street

On the southwest side, the eastern side of Chapala Street

On the southeast side, the northern side of E. Cabrillo Blvd.

On the northeast side, the parcels on west side of Anacapa Street

Zone 2: In general, all of the parcels on the east side of Anacapa Street from Sola Street on the northwest side to Highway 101 on the southeast side.

Reimbursement of Formation Funds

This plan pre-authorizes the repayment of formation funds advanced by Downtown Santa Barbara District stakeholders to cover the costs of the survey, calculation of results, the management district plan creation, approval by the CBID Steering Committee, the Assessment Engineers report, the petition drive and the balloting process to be conducted by the City of Santa Barbara. An amount not to exceed \$150,000 shall be equally reimbursed to the two organizations who invested in this process and they shall be repaid in the first year of the formation of the district, based upon request and need.

Cap

The District budget and assessments may be subject to annual increases not to exceed 5% per year. Increases will be determined by the Owners' Association/District Management Corporation and will vary between 0% and 5% annually. Changes in land uses, the

development of vacant parcels, the conversion of tax exempt to for-profit developments , the demolition of buildings, building improvements that increase square footages, and new building construction or residential condominium development, may alter the District's budget and individual property assessments. Linear frontage and parcel size are normally not altered in the redevelopment of a site. Changes to assessments are more likely to occur upon changes to building square footages. Changes may also occur upon the conversion of single parcels to multiple parcels due to the construction of residential and/or commercial condominiums.

Bonds

The District will not issue any bonds related to any program.

District Formation

Under the local enabling ordinance, District formation requires a submission of petitions from property owners in the proposed district representing more than 30% of the total assessments to be paid into the CBID.

Once the City verifies the petitions totaling a minimum of 30%, (\$813,662) of the first year annual budget which is projected to be \$2,712,206 in assessments, the Santa Barbara City Council may adopt a **Resolution of Intention** to mail out ballots to all affected property owners. The City will then hold a public hearing and tabulate the ballots. The Downtown Santa Barbara CBID will be formed if the weighted majority of all returned mail ballots support District formation and if the City Council adopts a **Resolution of Formation** to levy the assessments on the benefiting parcels. The date for that public hearing has not been scheduled but is assumed that it will be held in late October 2023, based upon the successful completion of the petition drive.

Term

Under the Santa Barbara local enabling ordinance, the District may be established for an initial term of 5 years, and the term for renewal of the existing district may be as long as 20 years and shall not exceed 20 years. State law and the local enabling ordinance permits this annual disestablishment of the District based upon petition and vote of the property owners. The threshold needed to trigger the balloting for the formation of the district is the same as the process for disestablishment of the district.

Time and Manner for Collecting Assessments

The Downtown Santa Barbara CBID assessments will appear as a separate line item on annual property tax bills prepared by the County of Santa Barbara Tax Assessor. The assessments are collected at the same time and in the same manner as ad valorem property taxes paid to the County. The assessments have the same lien priority and penalties for delinquent payments as ad valorem property taxes. Any delinquent assessments owed for the first year will be added to the property tax roll for the following year together with any applicable interest and penalties. The "property owner" means any person shown as the owner/taxpayer on the last equalized assessment roll or otherwise known to be the owner/taxpayer by the City. Publicly owned properties of the City and County shall not be

collected by the County Tax Assessor, but rather by a manual billing by the City of Santa Barbara.

During the first year of operation for calendar year 2024, the City of Santa Barbara shall bill the CBID property owners in two installments, which carries the same force of law as the County Tax Assessor, to launch the CBID programs in early 2024. Commencing December 2024 forward, the County Tax Assessor will include the CBID assessments as a separate line item for the remaining four year of the first phase of the district term.

Government Assessments

The Downtown Santa Barbara CBID Management Plan assumes that any public or tax-exempt parcels shall pay into the CBID in proportion to the assessments paid for their specific special benefit services. There are currently many City and County properties in the proposed Downtown Santa Barbara CBID. The services these publicly owned parcel will be receiving are predominantly based upon the Civil Sidewalks and Administrative services in the budget. Since their buildings will not be marketed and promoted by the District Identity services in the CBID, their building square footage will not be assessed by the CBID plan.

Governance

Pursuant to Section 36650 of the California Streets and Highway Code, a District Management Corporation or Owners' Association will review District budgets and policies annually within the limitations of the Management District Plan. The Management Corporation must file Annual Reports with the City of Santa Barbara and will oversee the day-to-day implementation of services as defined in the Management District Plan.

A new public benefit non-profit corporation [501(c)(3)], will be established once the district has been approved by the property owners and they will serve in the capacity of the Owners Association to run the day-to-day operations of the district.

Disestablishment

Under the local enabling ordinance, the Downtown Santa Barbara CBID property owners will have an annual period in which to submit petitions to the City Council to disestablish the CBID. If the property owners vote by weighted majority to disestablish the District, assessments will be removed from the parcels the following fiscal year. Unexpended surplus funds will be returned to property owners based upon a parcel's percentage contribution to the previous fiscal year's assessments.

Exemptions or Reductions in Rates

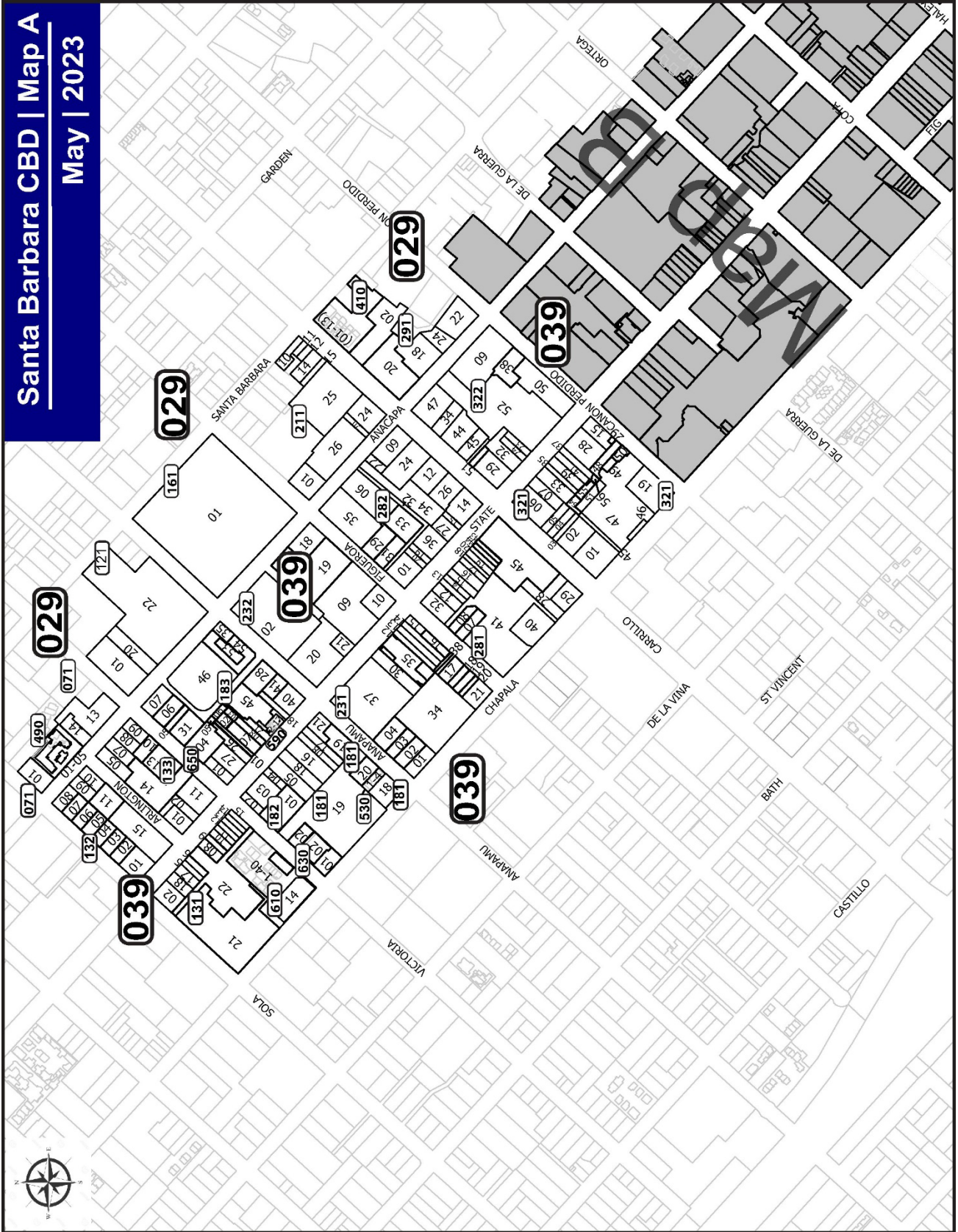
Under this Management District Plan and consistent with Proposition 218 and Article XIII D of the State Constitution, no parcel receiving special benefits from the establishment of a property assessment district is exempt from payment of the assessment.

The eight hotels in the proposed Downtown CBID, and any other future hotels within the boundaries of the proposed Downtown CBID, shall receive a 15% discount from their gross assessments due to the fact that they already are paying into the Santa Barbara County Tourism Improvement District, which is another special benefit district whose sole purpose

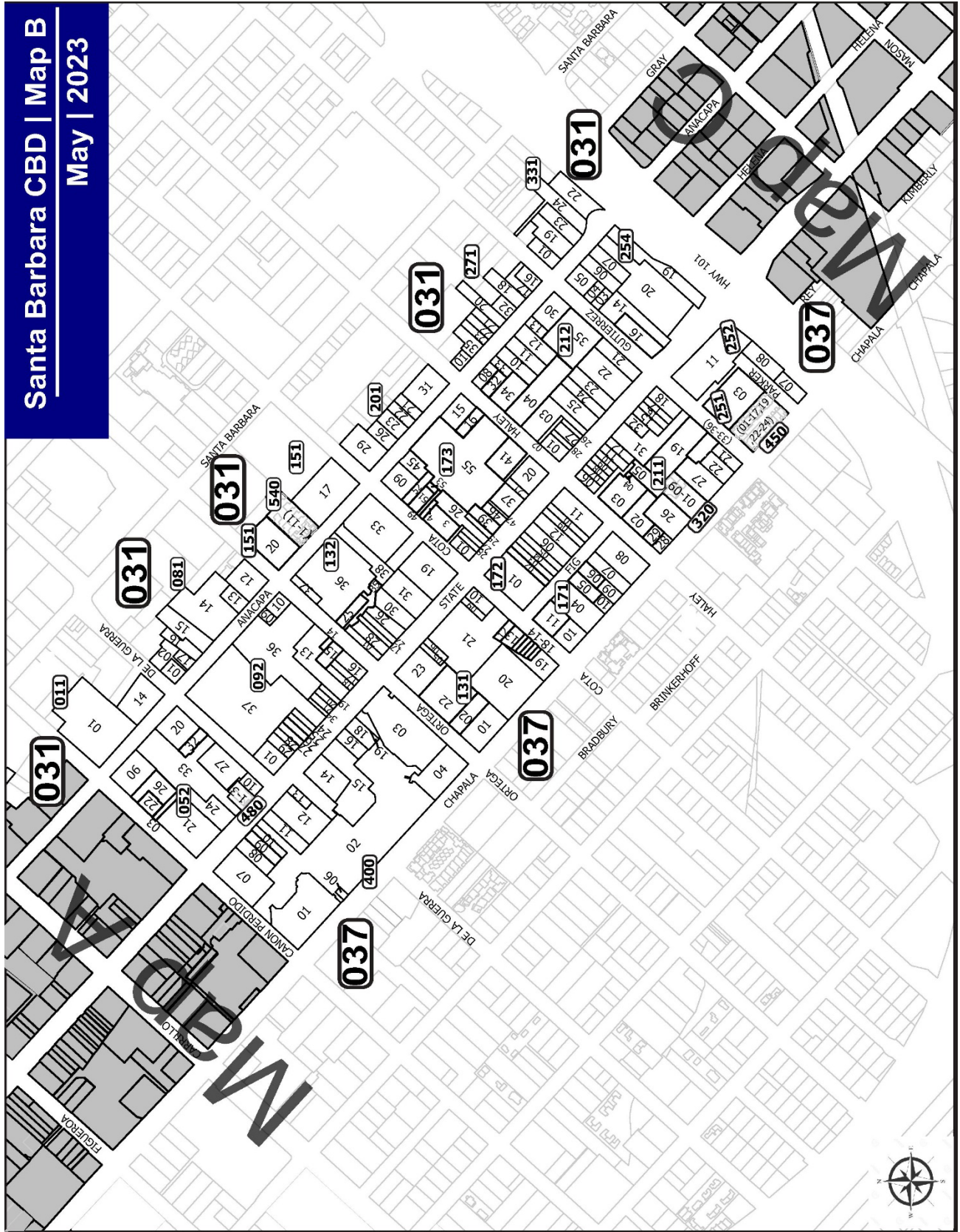
it to market and promote the participating hotels. The 15% discount is roughly equal to the District Identity and Placemaking portion of the overall CBID budget and that is the justification for their proposed discount from the gross assessments. The hotel discount has been incorporated into the assessment rolls in Section 7 of this plan.

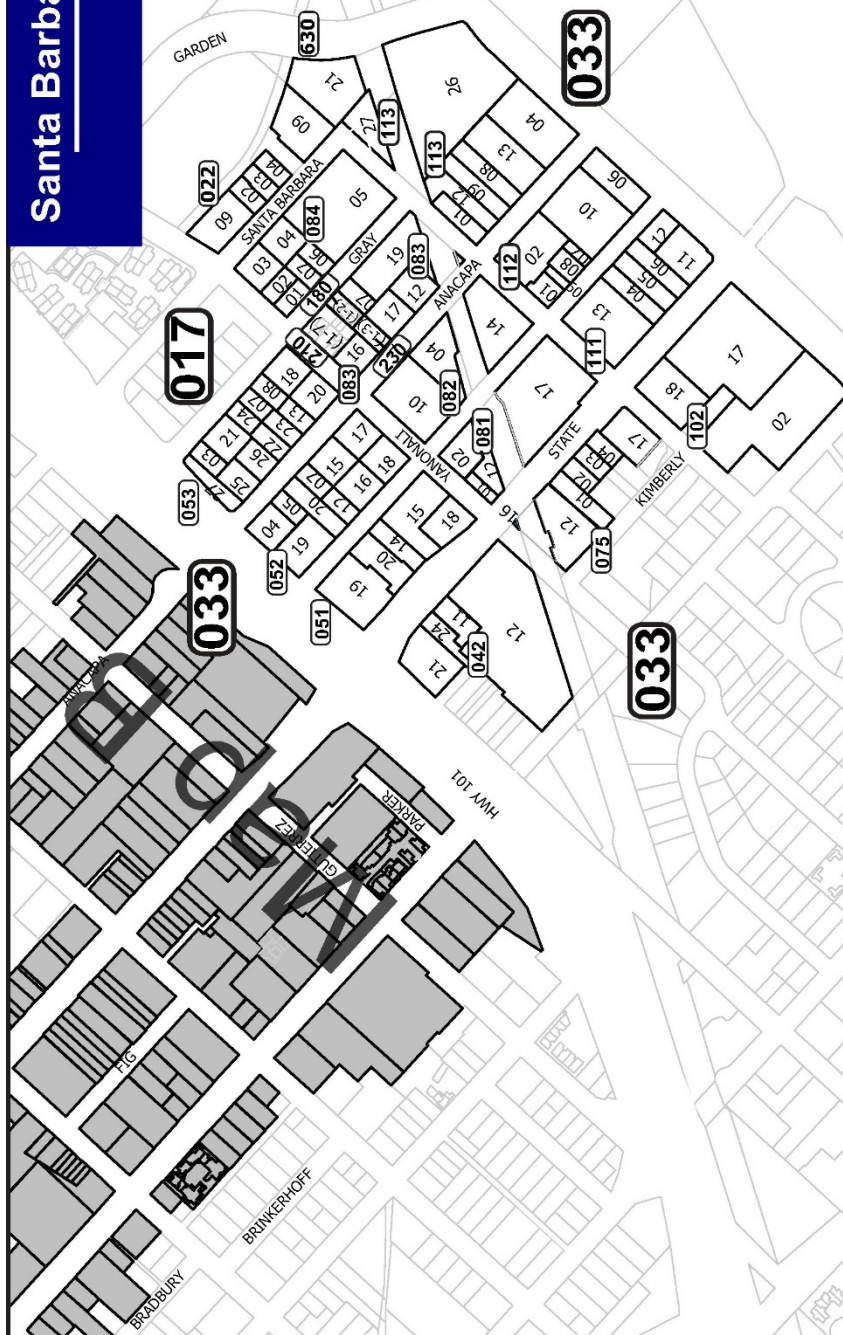
Santa Barbara CBD | Map A

May | 2023



Santa Barbara CBD | Map B May | 2023





First Year Parcel Assessment Calculation

The annual assessment method to calculate all parcels for Benefit Zone 1 will be:

$$\begin{aligned} &\text{Total Linear Frontage} \times \$6.00 \text{ per foot} \\ &+ \\ &\text{Total Building Square footage} \times \$0.22 \text{ per sq. ft.} \\ &+ \\ &\text{Total Lot Size} \times \$0.18 \text{ per square foot} = \text{TOTAL PARCEL ASSESSMENT} \end{aligned}$$

The annual assessment method to calculate all parcels for Benefit Zone 2 will be:

$$\begin{aligned} &\text{Total Linear Frontage} \times \$4.50 \text{ per square foot} \\ &+ \\ &\text{Total Building Square footage} \times \$0.16 \text{ per square foot} \\ &+ \\ &\text{Total Lot Size} \times \$0.13 \text{ per square foot} = \text{TOTAL PARCEL ASSESSMENT} \end{aligned}$$

***The annual assessment method to
calculate the residential condominiums throughout the district will be:***

$$\text{Total Residential Condo Unit Square footage} \times \$0.22 \text{ per square foot} = \text{TOTAL PARCEL ASSESSMENT}$$

Future Development

As a result of continued new development, the Downtown Santa Barbara CBID will experience the addition or subtraction of assessable commercial and residential buildings or the conversion of vacant parcels into new commercial and residential units. The Management District Plan assessment methodology will reflect any and all land use changes in the District with annual adjustments being submitted to the City, as these assessment calculation and property variable alterations occur. Undeveloped parcels within the boundaries of the proposed Downtown CBID shall pay only for linear frontage and lot size assessments due to the lack of building square footage on the parcel. If and when that parcel is redeveloped, the building assessments will be levied on that parcel as soon as a certificate of occupancy has been issued to that owner, by the City of Santa Barbara.

Implementation Timetable

The Downtown Santa Barbara CBID is expected to be established and begin assessing benefiting parcels as of the first quarter of calendar year 2024. Due to the timing of revenue collection by the City of Santa Barbara (for the first year of operation) and the need to establish the contract between the Owners' Association and the City of Santa Barbara, implementation of the Management District Plan and the delivery of services is scheduled to commence in or around the winter of 2024. The first year billings will be issued by the City of Santa Barbara. Thereafter, in years 2 – 5, the CBID assessments will show up on the annual property tax bill.