



**THE PROPOSED DOWNTOWN SAUSALITO
PROPERTY BUSINESS IMPROVEMENT DISTRICT - 2024
(DSPBID)**

MANAGEMENT DISTRICT PLAN

*Being Established for a 5-year Term Pursuant to
California Streets and Highways Code Section 36600 et seq.
Property & Business Improvement District Act of 1994, as amended*

*Proposed to the Downtown Sausalito PBID Steering Committee
Honorable Mayor and City Council of Sausalito
City Manager of Sausalito*

MAY 30, 2024



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TABLE OF CONTENTS

I.	Management District Plan Summary.....	3
II.	Downtown Sausalito PBID Boundaries	9
III.	Proposed 5-year DSPBID Work Plan and Budget.....	14
IV.	Proposed DSPBID Assessment Formula.....	19
V.	Publicly Owned Parcels.....	25
VI.	DSPBID District Governance	26
VII.	Proposed Rules and Regulations	26
VIII.	Implementation Timetable	27
	Appendix 1: Year 1 – PBID Assessment Roll	28
	Attachment 1: Certified Assessment Engineer’s Report	

I. MANAGEMENT DISTRICT PLAN SUMMARY

The *Downtown Sausalito Property Business Improvement District (DSPBID or District)* is a Property and Business Improvement District established for a 5-year period by a consortium of property and business owners within the DSPBID area. The DSPBID was originally discussed in a series of meetings of property owners in Downtown Sausalito in Fall 2022. Understanding that the timeline for formation in time for Fiscal Year 2024-2025 could be very challenging, property owners felt that the time had come to form a special benefits district and that the services provided by the District are needed to support businesses and potential new businesses, restaurants, and mixed use development.

The purpose of establishing this DSPBID is to provide and manage activities, services and improvements for Downtown Sausalito, an important, historic, and beautiful Bay Area business center, including demand creation, events, public space development, marketing and promotion, social media, landscaping, cleaning of the public rights-of-way, beautification services, District administration services, programs, and improvements. The DSPBID is a benefit assessment district that will enable the DSPBID property owners and businesses, working as a unit, to fund needed property and business-related improvement programs, services, and programs above what is provided by the City of Sausalito and that benefit DSPBID property owners and businesses.

Name: The name of the proposed property assessment district is the Downtown Sausalito Property Business Improvement District, which we will refer to throughout the document as the DSPBID or District.

Location: The proposed DSPBID is in Downtown Sausalito and will include parcels in and around Downtown Sausalito, predominantly along Bridgeway, both sides of Humboldt from APN 065-042-01 southward to Tracy Street, continuing along both sides of Bridgeway, including Princess Street and ending to the south of Bridgeway at APNs 065-171-03 and 065-133-012.

Benefit Zones: There will be two benefit zones within the proposed DSPBID. Benefit Zone 1 will include the core commercial area of the District that has the most retail and restaurants in the City along Bridgeway. Benefit Zone 2 will include the City parking lots along the east side of Bridgeway and Humboldt Street, ending at APN 065-042-01.

BENEFIT ZONE REVENUE SUMMARY (YEAR 1)	
<i>Benefit Zone 1 first year revenues</i>	<i>\$129,730</i>
<i>Benefit Zone 2 first year revenues</i>	<i>\$105,796</i>
Total First Year Budget	\$235,526

- Services:**
1. Demand Creation, meaning attracting new customers, businesses, and property owners to Downtown Sausalito
 2. Infrastructure Improvements include minor cleaning of the public rights-of-way, planning and coordinating of regular seasonal events and various beautification efforts in Downtown Sausalito
 3. Administration/management of the District
 4. Contingency/reserve.

Finance: The DSPBID is a Benefit assessment district consisting of real property (68 parcels and 44 property owners, and no residential condominiums). No bonds shall be issued to fund DSPBID programs.

Budget: DSPBID property assessment revenue for Year 1 is projected to be \$ 235,526. The Assessment Engineer has determined that general benefits equate to 2% of the total adjusted DSPBID program costs resulting in a gross budget of \$240,332 including \$4,806 in general benefits. General benefit costs shall be derived from non-assessment revenue sources such as grants, program income, credits, interest, memberships, and other sources.

Year 1 PROPOSED BUDGET (ASSESSMENT REVENUES/SPECIAL BENEFIT COSTS)		
<i>Special Benefit Category</i>	<i>Annual Revenue</i>	<i>Percentage of the Budget</i>
Demand Creation	\$132,000	56%
Infrastructure Improvements	\$66,000	28%
Administration/Management	\$30,000	13%
Contingency/Reserve	\$7,526	3%
Totals	\$235,526	100%

Special Benefit Budget Category Analysis:

The Downtown Sausalito 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. Services that are needed one year may not be needed the next. Therefore, “bundles” or categories of special benefit funding are created and divided into four broad categories.

The proposed “bundles” of special benefit services are listed below. All services listed below are special benefits and supplemental to current City services.

DEMAND CREATION:

56% of the Budget (\$132,000)

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
- District-wide decorative lighting
- Holiday and seasonal decorations
- Special Events
- Branding of the District and benefitting properties
- Banner advertising programs
- Public art displays
- Business attraction to the Downtown
- Beautification programs, including installation of hanging plants throughout the district
- Funding wayfinding signage to direct people to Downtown
- Parking and transportation management during event periods

INFRASTRUCTURE IMPROVEMENTS:

28% of the budget (\$66,000)

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

- Tree planting and maintenance
- Planting of, and maintenance of hanging plants and ornamental landscaping
- Seeking grants for and installation of new trash receptacles in the district
- Maintenance and beautification of District sidewalks
- Maintenance of existing and new public spaces
- Public space design and improvements
- Beautification programs
- Parking and transportation management during event periods

ADMINISTRATION/PROGRAM MANAGEMENT:

13% of the budget (\$30,000)

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

- Staff and administrative costs, contracted or in-house
- General Liability Insurance and Other Insurance
- Office-related expenses
- Rent (if not donated)
- Financial reporting and accounting
- Legal work if any

CONTINGENCY/CITY AND COUNTY FEES/RESERVE:

3% of the budget (\$7,526)

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

- Delinquencies, City/County fees, reserves, capital project improvements

The categories of services, activities, and improvements and their percentages represent the costs to be funded with a proposed assessment that District property owners will vote on by mail ballot pursuant to Section 4 of Article XIII D of the California Constitution (also referred to as “Proposition 218”), in Spring 2024.

Data in the Survey of the proposed District:

An assessment district can only fund a particular and distinct benefit over, and above general benefits conferred on properties in Downtown Sausalito or the public. A survey was mailed out in early August 2023 to all property owners in a wide area that was considered the greater downtown district. The survey prioritized support for 4 primary areas activities in Downtown Sausalito as follows:

1. Supporting programs that foster and create “demand” for current retailers, restaurants, and attracting new businesses to fill commercial vacancies in Downtown Sausalito.
2. Funding marketing, promotions, social media, and branding programs for Downtown Sausalito.
3. Completing the ornamental lighting program along Bridgeway in Downtown Sausalito; and,
4. Funding beautification efforts and sidewalk and gutter sweeping services in Downtown Sausalito.

The data to be used for the assessment methodology in the final plan includes the following:

- 310,707 in gross building square footage
- 6,488 linear feet for the frontage
- 628,709 in gross lot square footage

General Benefit:

“General Benefit” as defined by the Property and Business Improvement District Law of 1994 (“Law”), means “for purposes of a property-based district, any benefit that is not a ‘special benefit’.”

“Special Benefit” as defined by the California State Constitution and the Law means “a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large.” Special benefits exclude general enhancement of property value under the Law, a 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.”

The general benefits of the proposed DSPBID for the first year will equal \$4,806, representing 2% of the total District budget of \$240,332.

Annual Costs:

Annual Costs to each property owner based upon their parcel’s lot size, linear frontage and building square footage as well as its location in one of the two Benefit Zones.

Method of Financing:

The financing of the DSPBID 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. There will be five factors used in the determination of proportional costs to the parcels in the District. These five factors are:

1. Linear frontage (excluding alleys)
2. Lot size or the footprint of the parcel
3. Building square footage
4. Current & future residential condominiums that may be constructed within the District
5. Location within one of the two Benefit Zones that comprise the District

Formula:

There are two Benefit Zones in the DSPBID. A map showing the DSPBID boundaries and Benefit Zones is shown in Chapter 2 of this Plan. Year 1 property assessment rates per parcel are calculated as follows:

DOWNTOWN SAUSALITO ASSESSMENT RATES (YEAR 1)			
Benefit Zone	Building Square Footage Annual Cost	Lot Square Footage Annual Cost	Linear Frontage Annual Cost
1	\$0.22	\$0.14	\$6.00
2	\$0.10	\$0.25	\$9.30

Annual Cap:

Assessment rate increases are capped at a maximum of 5% per year, subject to approval by the DSPBID Owner Association Board of Directors and approval by resolution of the City Council of Sausalito. The basis for any annual increase is conditioned upon increased costs of running the district, including, but not limited to, increases in labor costs, insurance costs, vehicle and gas costs, special projects, etc. The assessment budget may increase with the addition of new buildings within the District boundaries that increase the total number of properties assessed.

Establishment:

Establishment of the DSPBID is a four-step process.

First, a management district plan must be endorsed by the DSPBID Steering Committee and accompanied by an Assessment Engineer’s report.

Second, a petition signed by DSPBID property owners representing at least 50% of the total assessments to be levied must be submitted to the City. Based on the plan, property owners who will pay more than \$117,763 in assessments proposed to be levied must sign the petition

submitted to the City (including the City-owned properties in the District) to initiate proceedings to form the District. The petition must include a summary of the management district plan, as specified in Streets and Highways Code section 36621. The plan, which must include the content specified in Streets and Highways Code section 36622, must be filed with the City Clerk.

Third, the City Council must adopt a resolution of intention expressing its intention to form the DSPBID.

Fourth, a notice of the hearing must be mailed to affected property owners in accordance with Streets and Highways Code section 36623 and Section 4 of Article XIII D of the California Constitution. The protest and hearing proceeding must be overseen by the City of Sausalito. The assessment must be supported by the management district plan and the Assessment Engineer's report. After the hearing, if there is no majority protest (i.e., number of weighted ballots in support exceeds those opposed), the City Council may adopt a resolution of formation that constitutes the levy of assessment for the years referred to in the management district plan.

Based upon this plan, \$117,763 in petitions of support must be submitted to the City (including the City owned assessed properties in the district) to initiate the mail balloting procedure as required for property assessment districts as per the Law. Returned ballots in support of the DSPBID formation must outweigh those in opposition based on the amount of assessment to be levied to each benefitting parcel.

Duration:

As allowed by the Law, the District will have an initial five (5) year term from January 1, 2025, to December 31, 2029. The proposed District operations are expected to begin on January 1, 2025. If the District is not renewed in 2029, the special benefit activities funded by the DSPBID will end on December 31, 2029. If the property owners desire to continue the PBID after the first five-year period ends, they can renew the District under the same process to form the District, for a term up to 10 years.

II. DSPBID BOUNDARIES

General:

The proposed DSPBID is located predominantly in the core area of Downtown Sausalito and includes all parcels on each side of Bridgeway based upon the parcels found in the map within this plan. The DSPBID includes the linear commercial corridor of Bridgeway and is designed to include areas for cultural activities and events in Downtown Sausalito, as well as areas with potential for new development.

All of the property owners within the proposed District boundaries were sent at least two mailings to research interest in the formation of the District . Property owners were also sent multiple e-mails requesting their participation in the DSPBID Steering Committee. The purpose of the first mailing in August 2023 was to determine conceptual support for the establishment of an assessment district and the response to this survey was used to determine the boundaries of the proposed District. The second letter was mailed in early January 2024 asked property owners to verify the accuracy of the property data that New City America, Inc. obtained from the County Assessor's records.

Boundary Description:

The proposed DSPBID encompasses approximately 10 blocks in Downtown Sausalito as detailed below.

Benefit Zones:

The DSPBID consists of two Benefit Zones. Benefit Zone 1 parcels shall include all the parcels shown on the map on page 12. Zone 1 includes privately owned parcels and a 19 City-owned parcels. Benefit Zone 1 represents the core of Downtown Sausalito, and the parcels are predominantly located on the west side of Bridgeway. This is the location of the concentration of retail, restaurants, hotels and services serving the people of Sausalito and geared toward the visitor industry in the City.

Benefit Zone 2 consists primarily of city parking lots, on the east side of Bridgeway, including a museum, restrooms, a restaurant and access to the Bay Ferry System. Benefit Zone 2 City parcels will derive special benefits from the promotion of the Downtown, accommodation of the visitor industry, and demand for parking which will result in additional parking meter revenues and increased hotel taxes and sales tax revenues for the City's General Fund.

In addition, the public rights-of-way surrounding the City-owned parking lots, including the public parks, parklettes, and trash receptacles and sidewalks will be cleaned as needed over and above what the city is currently providing as a general benefit.

District Boundary Rationale: The DSPBID boundaries are comprised of the commercial core parcels as well as large Bayfront City parking lots, where the main economic activity of the City center is based. The commercial and mixed-use parcels fronting Bridgeway and Humboldt Street

are the commercial core of Downtown Sausalito. These parcels highlight an array of commercial retailers, service stores, banks, and a variety of quality restaurants, bars, cafes, and accompanying parking lots.

Northern Boundary:

Starting with the two parcels on Bridgeway, APNs 065-042-01 and 065-063-024 on Bridgeway represent the northern boundary of the DSPBID. No District programs and services will be provided north of the northern District boundary.

Eastern Boundary

The eastern boundary of the DSPBID shall include the Spinnaker Restaurant on City property 065-021-004 on the far east side, but generally speaking will commence at the northern parcel APN 065-042-001 between Humboldt and Bridgeway, then run southward along the eastside of Bridgeway including most of the parcels between Bridgeway and the San Francisco Bay, continuing southward on the eastside of Bridgeway, ending at APN 065-133-024, (Scoma Restaurant) where the eastern boundary terminates on the south side. No District programs and services will be provided east of the eastern District boundary.

Southern Boundary

The southern boundary of the DSPBID shall include the two parcels on the south side of Downtown ending at APNs 065-172-012 and 065-171-003. No District programs and services will be provided south of the southern District boundary.

Western Boundary

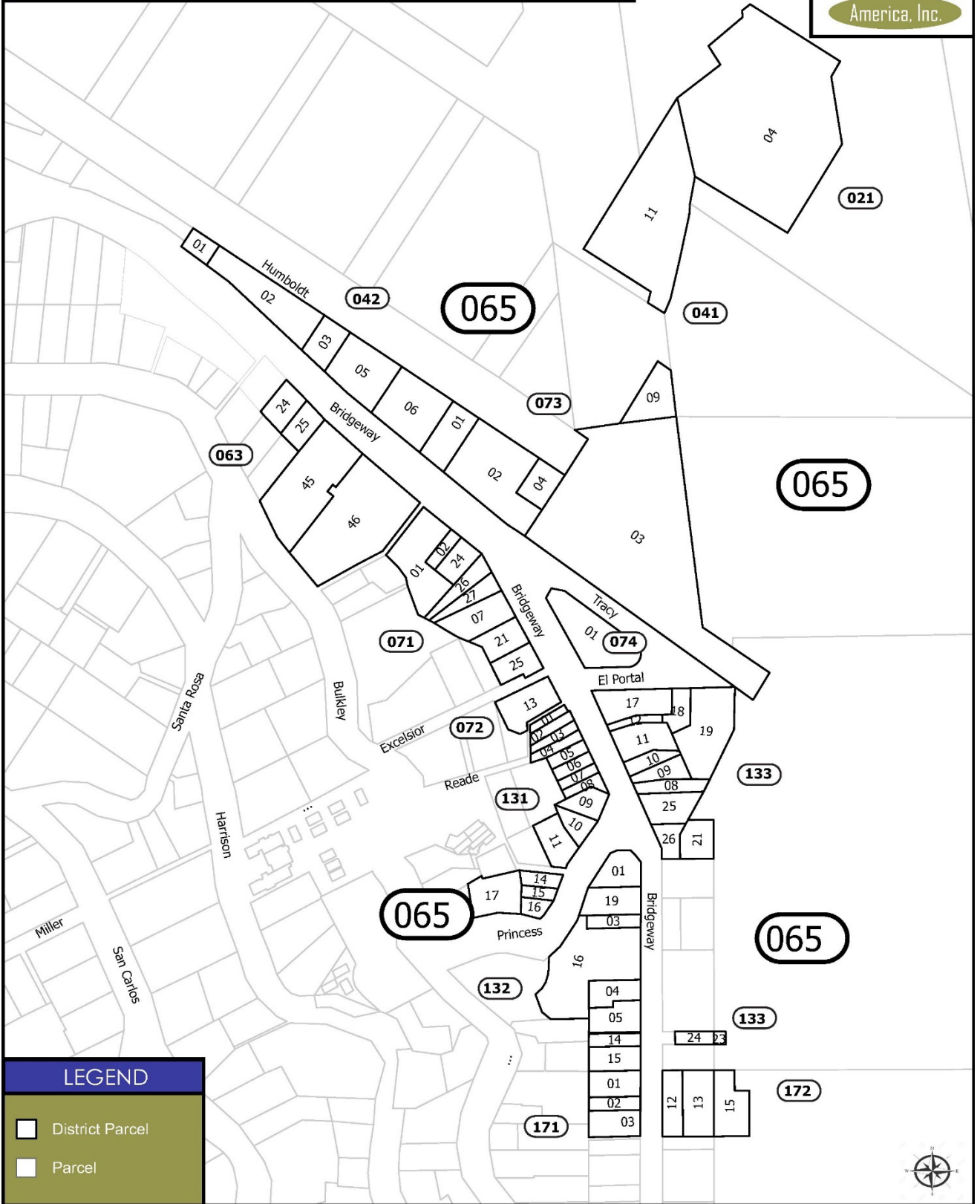
The western boundary of the DSPBID starts at the north end of the District at APNs 065-063-024 and 065-042-001 on both sides of Bridgeway and continues south on the west side of Bridgeway down to Princess Street, including both sides of Princess Street and continues along the west side of Bridgeway running south and terminating at APNs 065-171-003 and parcel 065-172-012. No District programs and services will be provided west of the western District boundary.

Summation:

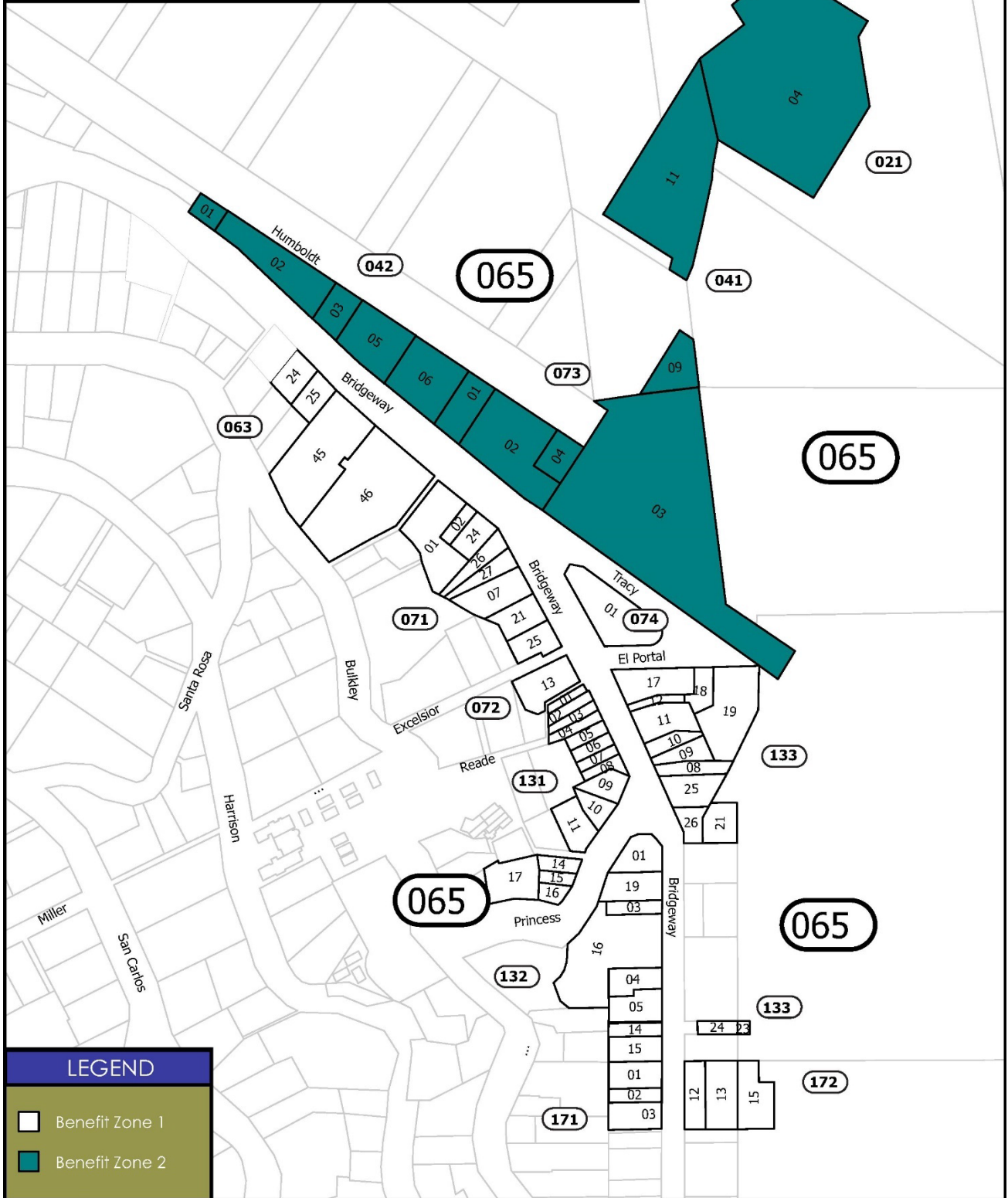
A list of all parcels included in the proposed established DSPBID is shown in Appendix 1, attached to this report and identified by their respective Marin County assessor parcel numbers. The boundary of the proposed established DSPBID is shown on the map on pages 12 and 13 of this plan.

All identified parcels within the District boundaries shall be assessed to fund special benefit activities, services and improvements as outlined in this plan and the Assessment Engineer's Report. All DSPBID-funded services, activities, and improvements provided within the District boundaries shall confer special benefits to assessed parcels. Each assessed parcel within the DSPBID will proportionately and specially benefit from the District funded activities, services, and improvements (i.e., Demand Creation, Sidewalk Beautification, Administration and Contingency). These services, activities, and improvements are intended to improve commerce, employment, rents and occupancy rates, and investment viability of assessed parcels, and businesses located

on those parcels, within the DSPBID. The DSPBID confers special benefits on each individually assessed parcel by creating demand, improving aesthetics and marketing goods and services available from assessed parcels, and the businesses located on those parcels, within the District.



Downtown Sausalito District | March 2024 Benefit Zone Map



LEGEND

- Benefit Zone 1
- Benefit Zone 2

III. PROPOSED 5-YEAR DSPBID WORK PLAN AND BUDGET

Overview:

The activities, services, and improvements to be funded by the DSPBID will include Demand Creation, Infrastructure Improvements, Administration Services, and Contingency. The property uses of the properties within the District boundaries include a unique mix of retail, restaurant, hotel, parking, and other commercial uses. District-funded activities, services and improvements will provide special benefits as described below to assessed parcels and an array of land uses within the District boundaries.

The purpose of this District is to fund activities, services and improvements to assessed parcels within the District boundaries above and beyond what is currently funded by tax revenues or other funding sources. The City of Sausalito does not provide many of these supplemental programs and services.

The projected special benefit cost allocation of the District assessment revenues for the initial 5-year District term assuming a 5% maximum annual assessment rate adjustment, is shown in the Table on page 17 of this Plan.

Work Plan Details:

The special benefits to be provided by the DSPBID are all designed to contribute to the cohesive commercial fabric and to promote economic development within the District. The assessed parcels in the DSPBID will specially benefit from the District activities and improvements by increasing commerce, creating business and property demands, and improving economic development. The District goals are: to improve sanitation, beautification, landscaping, and to attract new businesses and retain existing businesses, and ultimately to increase commerce and improve the economic viability of each assessed parcel.

YEAR 1 – PROPOSED BUDGET (ASSESSMENT REVENUES/SPECIAL BENEFIT COSTS):

Special Benefit Budget Category Analysis:

The Management District Plan gives the property owners greater flexibility in determining the type and frequency of special benefits that will be annually allocated. Services that are needed one year may not be needed the next. Therefore, “bundles” or categories of special benefit funding are created and divided into four broad categories.

The proposed “bundles” of special benefit services are listed below. All services listed below are special benefits and supplemental to current City services.

DEMAND CREATION:

56% of the Budget (\$132,000)

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

- Website development and updating
- Social media, public relations firm
- District-wide decorative lighting
- Holiday and seasonal decorations
- Special Events
- Branding of the District and benefitting properties
- Banner advertising programs
- Public art displays
- Business attraction to the Downtown
- Beautification programs, including installation of hanging plants throughout the district
- Funding wayfinding signage to direct people to Downtown
- Parking and transportation management during event periods

INFRASTRUCTURE IMPROVEMENTS:

28% of the budget (\$66,000)

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

- Tree planting and maintenance
- Planting of, and maintenance of hanging plants and ornamental landscaping
- Seeking grants for and installation of new trash receptacles in the district
- Maintenance and beautification of District sidewalks
- Maintenance of existing and new public spaces
- Public space design and improvements
- Beautification programs
- Parking and transportation management

ADMINISTRATION/PROGRAM MANAGEMENT:

13% of the budget (\$30,000)

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

- Staff and administrative costs, contracted or in-house
- General Liability Insurance and Other Insurance
- Office-related expenses
- Rent (if not donated)
- Financial reporting and accounting
- Legal work if any

CONTINGENCY/CITY AND COUNTY FEES/RESERVE:

3% of the budget (\$7,526)

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

- Delinquencies, City/County fees, reserves, capital project improvements

The categories of services and their percentages represent the service plan the District property owners will be voting on when the District comes up for a mail ballot, in the Spring of 2024.

Year 1 PROPOSED BUDGET (ASSESSMENT REVENUES/SPECIAL BENEFIT COSTS)		
<i>Special Benefit Category</i>	<i>Annual Revenue</i>	<i>Percentage of the Budget</i>
Demand Creation	\$132,000	56%
Infrastructure Improvements	\$66,000	28%
Administration/Management	\$30,000	13%
Contingency/Reserve	\$7,526	3%
Totals	\$235,526	100%

Program and Activity Budget:

Each identified assessed parcel within the DSPBID will be assessed the full amount of the proportionate special benefit conferred upon it based on the level of District funded services, activities and improvements provided. The projected District special benefit (assessment) cost allocation budget for Year 1 is shown in the Table above.

To carry out the District services, activities and improvements outlined in the previous section, a Year 1 assessment budget of \$235,526 is projected. Since the District has an initial 5-year term, projected program costs for future years (Years 2-5) are set at the inception of the District. While future inflationary costs, new building square feet resulting from developments, and other program cost increases are unknown at this point, a built-in maximum increase of 5% of the assessment rate, per annum, is incorporated into the projected program costs and assessment rates for the initial 5-year District term.

The District shall adhere to the budget and Management District Plan during the term of the DSPBID. While some variation is permissible to account for unexpected circumstances, the funding allocated to each funding category expressed as a percentage of the total budget, shall not vary by more than 10% of total budget from each year’s percentage in the Management District Plan. Any proposed variation that exceeds 10% of the total budget shall be subject to review and approval by the District board and the City Council. Any surplus or unspent funds, per category, shall be accumulated year to year over the life of the DSPBID.

A 5-year projected DSPBID budget is shown in the following Table:

YEAR 1-5 PROJECTED DISTRICT ASSESSMENT BUDGET SUMMARY (SPECIAL BENEFIT COSTS)					
Year	Demand Creation	Infrastructure Improvements	Administration	Contingency	Total
%	56%	28%	13%	3%	100%
1	\$ 132,000.00	\$ 66,000.00	\$ 30,000.00	\$ 7,526.00	\$ 235,526.00
2	\$ 138,600.00	\$ 69,300.00	\$ 31,500.00	\$ 7,902.30	\$ 247,302.30
3	\$ 145,530.00	\$ 72,765.00	\$ 33,075.00	\$ 8,297.42	\$ 259,667.42
4	\$ 152,806.50	\$ 76,403.25	\$ 34,728.75	\$ 8,712.29	\$ 272,650.79
5	\$ 160,446.83	\$ 80,223.41	\$ 36,465.19	\$ 9,147.90	\$ 286,283.33

Assumes 5% max assessment rate increase per year with no new buildings constructed.

The Assessment Engineer (see attached Engineer’s Report) has found that the general benefits (i.e., general benefits to assessed parcels within the District, the general public and surrounding parcels outside the DSPBID) of the proposed programs, services and improvements (i.e., Demand Creation, Civil Beautification, Administration Services, and Contingency) represent 2% of the total benefits generated and in turn, 2% (\$4,806) of the total adjusted costs of the DSPBID-funded improvements, activities and services provided.

Total Year 1 adjusted costs are estimated at \$235,526. General benefits are factored at 2% of the total adjusted costs (**see Finding 2 in the attached Engineer’s Report**) with special benefits set at 98%. Article XIII D Section 4(a) of the California Constitution limits the levy of property assessments to costs attributed to special benefits only. The 2% general benefit cost is computed to be \$ 4,806 with a resultant 98% special benefit computed at \$240,332. *Based on current property data and land uses, this is the maximum amount of Year 1 revenue that can be derived from property assessments from the subject District.*

All general benefits will be funded from sources other than District assessments.

DSPBID FIRST YEAR SPECIAL & GENERAL BENEFIT REVENUE SOURCES		
Revenue Source	Revenue	% of Total
DSPBID First Year Assessments	\$235,526	98%
Non-DSPBID Revenues (e.g., grants, donations, sponsors, program income, etc.)	\$4,806	2%
TOTAL	\$240,332	100%

The proposed DSPBID assessment rates may increase annually for each individual parcel during the 5-year effective operating period not to exceed 5% per year, and not to exceed the reasonable cost of the proportional special benefits conferred on each assessed parcel. These rates will be approved by the Owners’ Association Board of Directors and of the Sausalito City

Council. Any accrued interest and delinquent payments will be expended within the budgeted categories.

The Owners' Association Board of Directors shall determine the percentage increase to the annual assessment and the value of the special benefits conferred on each parcel each year. The Owners' Association Executive Director or staff shall communicate the annual increase to the City each year in which the District operates at a time determined in the Administration Contract held between the Owners' Association and the City of Sausalito.

No bonds are to be issued in conjunction with the proposed District.

Pursuant to Section 36671 of the Streets and Highways Code, any funds remaining after the 5th year of operation will stay with the District upon renewal of the District or will be returned to owners if the District is not renewed. If the District is not renewed or is terminated, unexpended funds will be returned to the property owners in the same proportion in which they were collected. District assessments may be used to pay for the costs related to the renewal of the DSPBID at the time of renewal.

Manner of Collection:

Assessments for the County of Marin Property Tax Year calendar year beginning January 1, 2025 and ending December 31, 2029, shall be collected at the same time and in the same manner as ad valorem taxes paid to the County of Marin (Operation Years 2025 - 2029). The District assessments shall appear as a separate line item on the property tax bills issued by the Marin County Assessor.

IV. Proposed Assessment Formula

The DSPBID programs and services described in this Management District Plan will be funded through benefit assessments against real property in the DSPBID. Non-assessment revenues will fund the costs associated with general benefits conferred on assessed parcels within the District, the public at large and surrounding parcels outside of the DSPBID boundaries. The assessment formula has been developed to ensure that no parcel will be assessed an amount that exceeds the cost of the proportional special benefit that an assessed parcel derives from the activities, services, and improvements to be funded by the proposed assessments. The assessment rates are based on the anticipated benefit to be derived by each individual parcel within the DSPBID.

Based on the specific needs and corresponding nature of the program activities to be funded by the proposed established DSPBID (i.e., Demand Creation, Sidewalk Beautification, Administration Services, and Contingency), the assessments are based on the proportionate amount of lot size area, street frontage and building square footage within District boundaries.

The “Basic Benefit Units” will be expressed as a combined function of lot size square footage (Benefit Unit “A”), street frontage (Benefit Unit “B”), and building square footage (Benefit unit “C”). Based on the shape of the proposed DSPBID, as well as the nature of the District activities, services, and improvements, it is determined that all identified assessed properties will gain a direct and proportionate degree of special benefit based on the respective amount of lot size area, street frontage and building square footage.

For the array of land uses within the District, the interactive application of lot size area, street frontage, and building square footage quantities are a common method of fairly and equitably spreading special benefit costs to parcels that receive District-funded services, activities, and improvements.

Explanation of Benefit Zones:

As shown in the map on page 13 there will be two different Benefit Zones, with differing assessment rates for each zone.

Benefit Zone 1 represents the core of the Downtown Sausalito area and includes predominantly private parcels with a few City-owned properties along the west side of Bridgeway. This Benefit Zone will benefit from the Demand Creation part of the budget since this is the area filled with restaurants, bars, hotels, and retail stores which carry fine goods and respond to the needs of both residents and visitors in Sausalito. This Benefit Zone does not include residential condominiums but may have such land uses in the future. Benefit Zone 1 represents the core of the Downtown area and its special benefit services are articulated on page 15 of this Plan.

Benefit Zone 2 is composed of City-owned parking lots, including the Spinnaker Restaurant, a public art gallery, public restrooms, the central plaza and fountain, and hundreds of parking spaces which serve the ferry landing and as well as visitors to the Downtown Sausalito area. The

City is the owner of these parcels and the special benefits to be conferred upon these parcels will include but not be limited to the following:

- Marketing and promotion of Downtown events will result in ongoing increased parking meter revenues and new revenue generation through hundreds of metered parking spaces across the street from the northern part of Benefit Zone 1.
- The events, programs and activities funded by the DSPBID will result in greater demand for the visitor industry in Zone 1, resulting in higher occupancy and room rates in the many hotels in Benefit Zone 1. These visitors who predominantly arrive in Downtown in their vehicles, will need to park their cars overnight in the City-owned parking lots and in City metered spaces, resulting in higher TOT revenues to the City and greater ongoing use of the City's parking assets resulting in greater parking lot and parking meter revenues to the City.
- The public spaces and parks found within Benefit Zone 2 will receive enhanced landscaping, holiday, and seasonal decorations as well a cleaning over and above the current general benefits provided to the Benefit Zone 2 parcels.
- As in Zone 1, the retail and restaurant tenants in Zone 2 will derive greater sales and revenues due to the "demand creation" special benefits conferred throughout Downtown.
- The City owned museum will result in greater exposure due to the demand creation services in Downtown as visitors experience the commercial and cultural activities in Downtown.
- The Ferry Landing and related city fees tied to those new visitors will place greater demand on the City-owned parcels which will require additional special benefit cleaning services along the frontage of the City parcels and the need for additional trash pickup over and above the frequency of current City services providing those general benefits.

The assessment methodologies are different for Benefit Zone 1 and Benefit Zone 2 parcels due to the land improvements in Zone 1, which are assessed primarily for their building square footage as compared to Zone 2 which are primarily assessed for its linear frontage and lot size characteristics. In essence, the assessment methodology generates an equal amount of annual revenues based upon the current land uses and based upon the volume of lot size in Zone 2 and minimal building square footage in Zone 2. Zone 1 land uses and improvements are nearly the opposite of Zone 2 parcels in that Zone 1 parcels will derive special benefit due to the sales generated from the building mass in Zone 1 whereas Zone 2 will derive special benefit due to sales generation from its lack of building square footage and preponderance of parking spaces which will be needed to service the day and overnight visitors to Downtown Sausalito.

Both Benefit Zone 1 and 2 parcel owners will see increased revenues based upon the Demand Creation as well as the Sidewalk Beautification services provided to the entire District.

Lot Size: is a direct measure of the current and future development capacity of each parcel and its corresponding impact or draw on District-funded activities. The targeted weight of this factor, land area, should generate approximately 53% of total first year District revenue.

Street Frontage is a direct measure of the static utilization of each parcel and its corresponding impact or draw on District funded activities, many of which are linear in nature (i.e., Landscaping, Sanitation and Beautification). The targeted weight of this factor should generate approximately 20% of total District revenue.

Building Square Footage is a direct measure of the current and future improvements to the land area of each parcel and its corresponding impact or draw on District funded activities. The targeted weight of this factor should generate approximately 27% of the total District revenue. Assessing for building square footage is an appropriate gauge of the impact of employees, visitors, shoppers, and clients on a specific parcel.

Commercial Condominium (non-residential portion of mixed-use buildings) - Parcels Defined:

Ground floor commercial condominiums will be treated as independent “mini” commercial buildings and assessed based on their actual building square footage, the footprint of land they cover or lot size of the commercial condominium, and the amount of direct primary street frontage on the exterior of the building.

Residential Condominium Unit Parcels Defined:

Though there are currently no residential condominium units in the DSPBID, there may be some built in the next five years. If built, the building square footage will be defined as the livable building square footage within the walls of the condominium residential unit parcel. They are included in a special category to designate their unique special benefits relative to the other commercial parcels within the DSPBID. Unlike the other commercial parcels in the District, including commercially operated apartment buildings, residential condominium parcels are assessed for building square footage only, and are not assessed for linear frontage and lot square footage.

These residential condominium individual parcels will be assessed for their building square footage only at the rate of \$0.22 per square foot per year for the first year of the DSPBID, or possibly higher if assessments have been increased annually as provided in this plan and completed in future years. The rationale for assessing future residential condominiums only for the building square footage rate is provided below.

Residential condominium parcels are assessed differently than multi-unit, market rate apartment rental buildings due to special benefits required by each parcel as described below. The multi-unit apartment buildings are commercial properties in which the tenant and property owner have an economic relationship as opposed to residential condominium buildings where individual property owners own separate “air space parcels” on a single floor. Future residential apartment buildings can be bought or sold just as like commercial buildings whereas residential condominium individual units are separately owned and must be individually bought and sold. Distinctions between residential apartment buildings with tenants and residential condominium building with individual parcel owners are explained as follows:

- *The Davis Sterling Act establishes rules and regulations for residential condominium owners based upon “separate interests” (i.e., ownership rights), as opposed to renters who only have a possessory interest.*
- *Generally, residential condominium unit owners demonstrate greater care for their property and concerns about quality-of-life issues due to their investment in real estate.*
- *Residential owners have the right to vote on assessments in a Proposition 218 hearing, tenants do not have that right.*
- *Residential condominium owners are required to contribute to legally established Homeowners Associations to oversee building maintenance, tenants are not.*
- *Residential tenants may have their dwelling units sold or have their rent raised.*

The assessment methodology has been written to confer special benefits to future residential condominium individual assessed parcels since residential condominium owners have expectations about the care and maintenance of the building and its surroundings compared to the interest of residential tenants who have a possessory not an ownership interest.

Data generated from County records and validated by request of owner verification by mail	
Lot Square Footage	628,709 square feet of assessable land
Linear Frontage	6,488 linear feet of assessable linear frontage
Building Square Footage	310,707 feet of assessable building square footage
Residential Condominiums	0 square footage

YEAR 1 – PROJECTED DSPBID ASSESSMENT REVENUE				
	Lot Sq. Ft. Assessment	Linear Frontage Assessment	Building Square Footage Assessment	Total
Revenue	\$122,840	\$47,462	\$65,225	\$235,526
% of Total	53%	20%	27%	100%

The number of Benefit Units for each identified benefiting parcel within the proposed DSPBID was computed from data extracted from County Assessor records and maps as well as property verification forms mailed out to each parcel owner in the proposed District. These data sources delineate current land uses, property areas and dimensions of record for each tax parcel.

The assessment formula for the proposed established DSPBID is as follows:

Assessments = Land Area (Unit A) Sq Ft x Unit A Rate, plus
 Street Frontage (Unit B) Lin Ft x Unit B Rate, plus
 Building Square footage (Unit C) Sq ft x Unit C rate

YEAR 1 – Assessment Rates – Benefit Zone 1

Lot Square Footage Assessment Unit A	Linear Frontage Assessment Unit B	Building Square Footage Assessment Unit C
\$ 0.14 per square foot	\$6.00 per linear foot	\$0.22 per square foot

YEAR 1 – Assessment Rates – Benefit Zone 2

Lot Square Footage Assessment Unit A	Linear Frontage Assessment Unit B	Building Square Footage Assessment Unit C
\$ 0.25 per square foot	\$9.30 per linear foot	\$0.10 per square foot

Changes to Frontage, Building or Lot Parcel Size:

Any changes in frontage, building, and lot parcel size, may be adjusted from year to year because they will affect the assessments levied on that parcel. All three land adjustments including, but are not limited to lot splits, consolidations, subdivisions, street dedications, right-of-way setbacks shall have their assessment adjusted upon final City approval of such parcel adjustments.

Other Future Development:

Other than future maximum rates with the frontage, building or parcel size assessment methodology delineated in this report, per State law (Government Code Section 53750), future assessments may be adjusted for any given parcel if such an adjusted is attributable to events other than an increased rate or revised methodology, such as a change in the density, intensity, or nature of the use of land. Any change in assessment formula methodology or rates other than as described in this Plan would require a new Proposition 218 proceeding to approve any such changes.

DSPBID – 5-year Maximum Assessment Rates – Benefit Zone 1

Year	Lot Square Foot Assessment	Linear Frontage Assessment	Building Square Footage Assessment	Residential Condominium
1	\$ 0.140	\$ 6.000	\$ 0.220	\$ 0.220
2	\$ 0.147	\$ 6.300	\$ 0.231	\$ 0.231
3	\$ 0.154	\$ 6.615	\$ 0.243	\$ 0.243
4	\$ 0.162	\$ 6.946	\$ 0.255	\$ 0.255
5	\$ 0.170	\$ 7.293	\$ 0.267	\$ 0.267

DSPBID – 5-year Maximum Assessment Rates – Benefit Zone 2

Year	Lot Square Foot Assessment	Linear Frontage Assessment	Building Square Footage Assessment	Residential Condominium
1	\$ 0.2500	\$ 9.30	\$ 0.1000	\$ 0.220
2	\$ 0.2625	\$ 9.77	\$ 0.1050	\$ 0.231
3	\$ 0.2756	\$ 10.25	\$ 0.1103	\$ 0.243
4	\$ 0.2894	\$ 10.77	\$ 0.1158	\$ 0.255
5	\$ 0.3039	\$ 11.30	\$ 0.1216	\$ 0.267

SAMPLE DSPBID FIRST YEAR ANNUAL ASSESSMENT CALCULATION – BENEFIT ZONE 1:

EXAMPLE: A 5,000 sq. ft. lot with 50 linear feet in Downtown Sausalito, street frontage and a 2,500 square foot building

Lot size square footage: 5,000 x \$0.14 cents per square foot = \$700.00 plus
 Linear Frontage: 50 linear feet x \$6.00 per linear foot = \$300.00 plus
 Building Square Footage 2,500 x \$0.22 cents per square foot = \$550.00 equals
TOTAL YEAR 1 ASSESSMENT: \$1,550.00
 Cost Per Month: \$129.16
 Cost Per Day: \$4.24

Future Residential Condominium Assessments in the DSPBID:

Actual Building square footage of the Residential Condo
 \$0.22 per year x condo building square footage = Annual Assessment

SAMPLE DSPBID FIRST YEAR ANNUAL ASSESSMENT CALCULATION – BENEFIT ZONE 2:

EXAMPLE: A 5,000 sq. ft. lot with 50 linear feet in Downtown Sausalito, street frontage and a 2,500 square foot building

Lot size square footage: 5,000 x \$0.25 cents per square foot = \$1,250.00 plus
 Linear Frontage: 50 linear feet x \$9.30 per linear foot = \$465.00 plus
 Building Square Footage 2,500 x \$0.10 cents per square foot = \$250.00 equals
TOTAL YEAR 1 ASSESSMENT: \$1,965.00
 Cost Per Month: \$163.75
 Cost Per Day: \$5.38

The complete Year 1 – assessment roll of all parcels to be assessed by this DSPBID is included in this Plan as Appendix I.

V. Publicly Owned Parcels

Proposition 218 states that “*parcels within a District that are owned or used by any agency, the State of California or the United States 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.*”

There are 19 publicly owned parcels within the District, all of which are identified as assessable and for which special benefit services will be provided. All 19 identified assessed parcels are owned by the City of Sausalito, County of Marin and the former Sausalito Redevelopment Agency (RDA, now the Successor Agency).

Each of these City owned parcels will directly receive and proportionately specially benefit from improved Infrastructure Improvements, District Identity and Place Making, Administration Services, and Contingency. These 19 identified assessed publicly owned parcels/facilities will specially benefit from District funded programs and services from cleaner and safer facility entrances and street frontages.

In the opinion of the Assessment Engineer, there is no clear and convincing evidence that these 19 publicly owned parcels will not proportionately specially benefit from District services, programs, and improvements; therefore, each publicly owned parcel will be assessed at the rates with assessments to be based on the building square footage, lot square footage area and street linear frontage of each parcel.

The Table below lists all publicly owned parcels within the proposed established DSPBID and their Year 1 assessment amounts:

City of Sausalito DSPBID Publicly Owned Parcel Summary

APN	Legal Owner	Site Street	Annual Assessment	% of Total
065-021-04	CITY OF SAUSALITO		\$24,095.10	10.23%
065-041-09	CITY OF SAUSALITO		\$3,032.30	1.29%
065-041-11	CITY OF SAUSALITO		\$16,569.90	7.04%
065-042-01	CITY OF SAUSALITO	BRIDGEWAY BLVD	\$1,791.00	0.76%
065-042-02	CITY OF SAUSALITO	BRIDGEWAY BLVD	\$8,093.70	3.44%
065-042-03	CITY OF SAUSALITO	BRIDGEWAY BLVD	\$2,391.00	1.02%
065-042-05	CITY OF SAUSALITO	BRIDGEWAY BLVD	\$5,772.00	2.45%
065-042-06	CITY OF SAUSALITO	780 BRIDGEWAY BLVD	\$6,428.60	2.73%
065-071-07	CITY OF SAUSALITO	731 BRIDGEWAY BLVD	\$2,927.84	1.24%
065-073-01	CITY OF SAUSALITO	BAY ST	\$2,232.00	0.95%
065-073-02	CITY OF SAUSALITO	BRIDGEWAY BLVD	\$8,669.10	3.68%
065-073-03	CITY OF SAUSALITO	ANCHOR ST	\$24,510.30	10.41%
065-073-04	CITY OF SAUSALITO	750 BRIDGEWAY BLVD	\$2,211.20	0.94%
065-074-01	CITY OF SAUSALITO	BRIDGEWAY BLVD	\$5,065.88	2.15%
065-133-21	CITY OF SAUSALITO		\$595.00	0.25%

065-133-23	CITY OF SAUSALITO		\$87.50	0.04%
065-133-26	CITY OF SAUSALITO		\$714.94	0.30%
065-172-12	CITY OF SAUSALITO	BRIDGEWAY BLVD	\$1,450.00	0.62%
065-172-15	CITY OF SAUSALITO	BRIDGEWAY BLVD	\$1,061.20	0.45%
		Total	\$ 117,698.56	49.97%

VI. DSPBID GOVERNANCE

The governance or management of a PBID requires an owner’s association, or private nonprofit entity under contract with the City to carry out the PBID improvements, maintenance and activities in the management district plan. The Law requires that the owners’ associations carry out specific additional functions. This includes preparation of an annual report to the City Council on the PBID activities for the past fiscal year and those proposed for the next fiscal year. The owner’s association may also recommend to the City Council, from time to time, changes to the PBID boundaries, Benefit Zones, assessment formula, or PBID activities, services, and improvements. These changes are all subject to public notification and, in some cases, petition/balloting requirements.

Once adopted by the Sausalito City Council through the mail balloting procedure process due the weighted support from the returned ballots, the PBID Steering Committee will meet to establish a new non-profit district management corporation or Owners Association subject to state laws and follow IRS non-profit guidelines for public benefit/charitable organizations which reduce the burden of government to the City. The Steering Committee members may serve as volunteers on the interim Board of Directors which shall enter into a contract with the City to administer the district services on a day-to-day basis.

Meetings of the Owners’ Association and its standing Committees shall be subject to the California Brown Act open meetings and public records statutes.

VII. PROPOSED RULES AND REGULATION APPLIED TO THE DISTRICT

There are no specific rules or regulations applied to the DSPBID or its Owners’ Association.

VIII. IMPLEMENTATION TIMETABLE

The table below provides a rough timeline for the establishment of the DSPBID.

<i>Task</i>	<i>Estimated Timeline</i>
Submittal of the plan by the City Attorney	March
City Council action instructing the City Manager to sign the petition and vote in the mail balloting procedure	Early March
Mail out petitions and summary of plan to all property owners	May
Work on petition drive, hold public meetings as needed	May
Submit 50% threshold of weighted petitions to the City	Early June
Council adopts resolution of intention expressing its intention to form the DSPBID.	Early June
Ballots mailed out by City Clerk including package of materials and public hearing date	June
Public Hearing held, testimony given, ballots opened and counted by City Clerk; if there is no majority protest, Council adopts a resolution of formation	Late July
First meeting of the interim Board of Directors, including the DSPBID Steering Committee members. Interim Board members will: <ul style="list-style-type: none"> • Elect interim officers, • Set the name of the District Management Corporation, • File the incorporation papers with the CA Secretary of State, • Approve bylaws, • Submit the approved bylaws to the IRS and • Enter into a contract with the City of Sausalito to administer the District, its funds and services on a day-to-day basis. 	September

APPENDIX 1

YR 1 ASSESSMENT ROLL

APN	Annual Assessment
065-021-04	\$24,095.10
065-041-09	\$3,032.30
065-041-11	\$16,569.90
065-042-01	\$1,791.00
065-042-02	\$8,093.70
065-042-03	\$2,391.00
065-042-05	\$5,772.00
065-042-06	\$6,428.60
065-063-24	\$2,413.10
065-063-25	\$1,081.00
065-063-45	\$7,258.46
065-063-46	\$9,647.70
065-071-01	\$4,458.02
065-071-02	\$1,018.72
065-071-07	\$2,927.84
065-071-21	\$1,885.16
065-071-24	\$2,549.48
065-071-25	\$2,374.56
065-071-26	\$1,251.84
065-071-27	\$1,412.36
065-072-13	\$5,586.16
065-073-01	\$2,232.00
065-073-02	\$8,669.10
065-073-03	\$24,510.30
065-073-04	\$2,211.20
065-074-01	\$5,065.88
065-131-01	\$1,185.66
065-131-02	\$917.12
065-131-03	\$1,210.24
065-131-04	\$850.00
065-131-05	\$1,002.00
065-131-06	\$805.94
065-131-07	\$700.00
065-131-08	\$1,088.56
065-131-09	\$2,108.10
065-131-10	\$1,684.64
065-131-11	\$2,130.20
065-131-14	\$1,440.44

065-131-15	\$1,420.80
065-131-16	\$1,007.12
065-131-17	\$1,899.94
065-132-01	\$4,086.00
065-132-03	\$1,380.00
065-132-04	\$2,850.00
065-132-05	\$3,482.90
065-132-14	\$808.00
065-132-15	\$2,845.40
065-132-16	\$5,698.08
065-132-19	\$2,664.16
065-133-08	\$1,133.60
065-133-09	\$1,158.58
065-133-10	\$1,888.30
065-133-11	\$3,363.88
065-133-12	\$678.62
065-133-17	\$4,016.00
065-133-18	\$1,297.38
065-133-19	\$4,524.00
065-133-21	\$595.00
065-133-23	\$87.50
065-133-24	\$1,042.00
065-133-25	\$3,092.12
065-133-26	\$714.94
065-171-01	\$3,918.60
065-171-02	\$786.00
065-171-03	\$2,208.24
065-172-12	\$1,450.00
065-172-13	\$4,518.68
065-172-15	\$1,061.20