

**SANTA CRUZ COUNTY
TOURISM MARKETING DISTRICT
MANAGEMENT DISTRICT PLAN
(2015 Renewal)**

*Formed pursuant to the Property and Business Improvement District Act of 1994
(Streets and Highways Code §36600 et seq.)*

Submitted to the

Santa Cruz County Conference and Visitors Council
&
Santa Cruz County Board of Supervisors

Adopted February 24, 2015

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I. INTRODUCTION AND OVERVIEW

Operating since July 1, 2010, the Santa Cruz County Tourism Marketing District, or “TMD,” is an established and successful benefit assessment district that was developed to help fund marketing and sales promotion efforts for the Santa Cruz County lodging businesses and lodging business categories that are identified in this plan as beneficiaries (“Lodging Businesses”). This approach has been used successfully in Santa Cruz County and in other destination areas throughout the country to drive additional room nights by publicizing the available lodging and related tourism opportunities. The TMD is implemented by the Santa Cruz County Conference and Visitors Council (SCCCVC). The SCCCVC also developed a supplemental Santa Cruz County 2013 Tourism Marketing District (known as the “TMD2”) as a supplemental benefit assessment district for the benefit of the same Lodging Businesses. This renewal will provide for the functions of both the TMD and the TMD2 to be renewed as a single Tourism Marketing District that is referred to in this document as the “TMD”. There will no longer be a second Tourism Marketing District upon the effective date of this Plan.

- Location:** The TMD includes all Lodging Businesses with located within the boundaries of the County of Santa Cruz, including without limitation businesses such as hotels, motels, bed and breakfast establishments, guest houses, inns, tourist homes, or other lodging wherein living accommodations for periods less than thirty days are offered for hire, and including vacation rental dwellings (other than those located on property zoned exclusively for residential purposes), and vacation rental services operated by professional property managers. R.V. parks shall not be assessed in the TMD, nor shall not-for-profit or publicly owned establishments.
- Services:** Marketing and sales promotions to increase tourist lodging and to market Santa Cruz County as a tourist, meeting and event destination.
- Budget:** The total TMD annual budget is anticipated to be approximately \$1.9 Million in the first year, which will be used to fund the operations of the Santa Cruz County Tourism Marketing District.
- Cost:** Annual assessment rates are assessed upon each night of a visitor stay within tiers based upon annual benefit levels to each Lodging Business measured by calculating “Revenue per Available Room,” or “RevPAR,” as follows.

<u>RevPAR</u>	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>	<u>Tier 4</u>
Amount	Less than \$50.00	\$50.00 to \$74.99	\$75.00 to \$99.99	\$100.00+
Assessment	\$1.75	\$2.25	\$2.50	\$3.00

RevPAR, or revenue per available room, is a widely used performance metric in the lodging industry. For the purposes of the District Plan, RevPAR is calculated by dividing the total guestroom revenue of a Lodging Business for the prior fiscal year by the room count, and by the number of days in the period being measured, in this case one year. The SCCCVC has ascertained that the degree of benefit of the TMD varies based upon RevPAR for Lodging Businesses in Santa Cruz County, as these

tiers best serve to capture the degree of benefit. The Rate tiers 1-4 are intended to capture this degree of benefit, by incorporating a base “Tier 1”, as well as a higher assessment applicable to successful high RevPAR Lodging Businesses by degree.

Given that the actual “guestroom” or unit inventory may vary by month or season for such businesses, and that occupancy rates run far lower than industry averages for the general Santa Cruz County lodging industry, Vacation Rental Management Companies (VRMC’s) are assessed at the Tier 1 rate without calculation of RevPAR. (In the unusual case that a Privately Owned and Operated Vacation Rental is not zoned exclusively for residential purposes, such a Lodging Business would also be assessed at the base Tier 1 rate of \$1.75 per night, also without calculation of RevPAR or other reference to rental rates or averages.)

The assessments will not apply on stays pursuant to group (conference) contracts executed prior to May 1, 2015, as to which the previous prevailing rate and assessment structure shall apply.

Based on the benefit received, assessments will not be collected on stays of more than thirty (30) consecutive days, nor on complimentary stays. For purposes of this plan a complimentary stay is defined as one when the customer is not paying any fee for any portion of their stay. Other than long-term visits (over 30 days) or complimentary stays there are no exceptions.

Formation: TMD formation and renewal require submittal of petitions from Lodging Businesses representing more than 50% of the total estimated annual assessment followed by a Board of Supervisors hearing and an opportunity for a written protest. The assessed lodging business owners will receive official notice of the public hearing by mail from the lead agency, the County of Santa Cruz. If there is a majority written protest, the TMD will not be renewed and will lapse.

Duration: The TMD renewal shall commence upon July 1, 2015, and shall terminate on June 30, 2024. Once per year, beginning on the anniversary of formation of the district, there is a 30-day period in which assessed owners may file a written petition with the Clerk of the Board of Supervisors seeking disestablishment of the District. If written petitions seeking disestablishment of the District are filed by owners paying 50% or more of the assessment, the Board of Supervisors shall adopt a Resolution of Intention to disestablish the district and hold a noticed hearing on disestablishment in accordance with Streets and Highways Code Section 36670.

Renewal: To renew the district, the same procedures that were undertaken to form the district must be followed, subject to any changes in procedures caused by amendments to the Property and Business Improvement District Law of 1994 and related government codes. Specifically, owners paying 50% or more of the estimated amount of the assessments that are proposed must submit petitions in support of forming the district; a management plan must be prepared; the Board of Supervisors must adopt a resolution declaring its intent to renew the District; a noticed public meeting and public hearing must be held; any written protests submitted to the Clerk

of the Board of Supervisors must be tabulated, and if there is no majority protest the Board of Supervisors may adopt a resolution renewing the district.

II. PURPOSE OF TOURISM MARKETING DISTRICT FOR LODGING BUSINESSES IN SANTA CRUZ COUNTY

1. The Continuing Need to Maintain And Increase Occupancy

The renewal of the TMD is a proactive effort to continue to provide sustained funding for tourism promotion benefitting Lodging Businesses, based upon an existing and successful model. The funding will ensure that adequate financing exists for the investment required to increase occupancy in the lodging industry and be competitive in the group and leisure tourism market. The investment will cover an expanded marketing and promotional budget needed to reach this market segment.

2. Stable Funding for Tourism Promotion Benefitting Lodging Businesses

The TMD will provide a continuing and stable source of funding for consistent tourist lodging promotion efforts. The TMD will provide funding for such promotion free of the political and economic circumstances that can reduce or eliminate government funding for tourist lodging promotion.

3. Effective Tourism Promotion Benefitting Lodging Businesses

Tourism promotion efforts funded by the TMD provide special benefit to members of the district by both promoting their individual lodging business as well as effectively drawing visitors (customers) to the destination (identified as Santa Cruz County) to purchase their lodging product. Santa Cruz County has special attributes that make it an appealing tourism destination. Such attributes include, but are not limited to, legitimate tourism activities that support overnight lodging stays such as State Parks, beaches, attractions, festivals, cultural and sporting events, and other area activities. These attributes are included in marketing efforts with the intended purpose of increasing overnight visitation for Lodging Businesses. Any general benefits (if any) to the surrounding community based on these efforts are a byproduct of the special benefit being paid for and are therefore intangible and unquantifiable.

III. WHAT IS A TOURISM MARKETING DISTRICT?

Tourism Marketing Districts (TMDs) utilize the efficiencies of private sector operation in the market-based promotion of tourism districts. TMDs allow lodging and tourism-related business owners to organize their efforts to increase tourism and thus lodging occupancy. Tourism-related lodging businesses within the district fund a TMD, and those funds are used to provide services that the businesses desire and that benefit the Lodging Businesses within the District.

Tourism Marketing District services may include, but are not limited to:

- Marketing of the Destination
- Tourism Promotion Activities
- Sales Lead Generation

In California, Tourism Marketing Districts are formed and renewed pursuant to the Property and Business Improvement District Law of 1994 (PBID Law). This law allows for the creation of a special benefit assessment district to raise funds within a specific geographic area. The key difference between TMDs and other special benefit assessment districts is that funds raised are returned to the private non-profit corporation to administer and implement the District Plan.

There are many benefits to Tourism Marketing Districts:

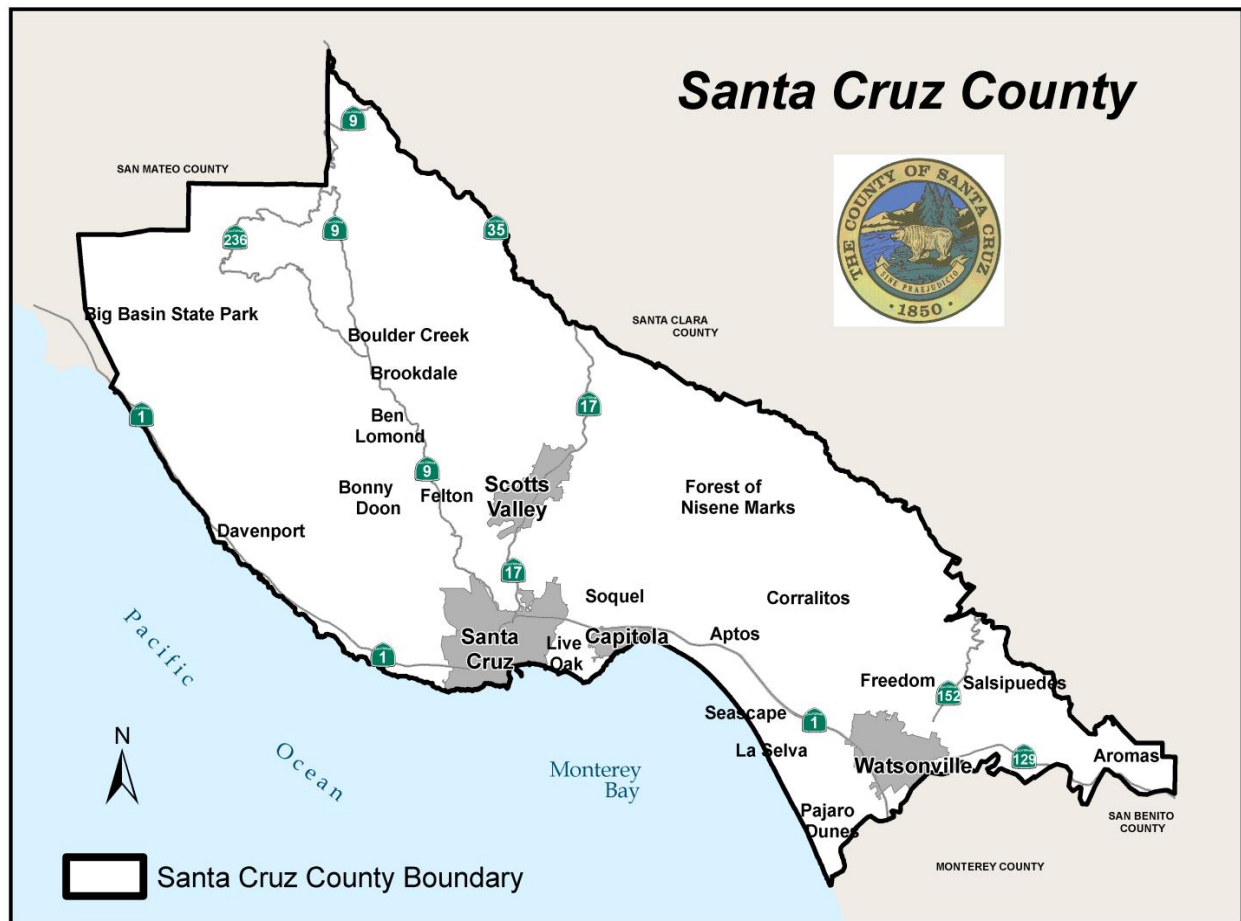
- Funds may only be used of the benefit of those paying assessments;
- Tourism Marketing Districts are customized to fit the needs of each tourism district;
- They allow for a range of services, including those listed above;
- Tourism Marketing Districts are designed, created and administered by those who will pay the assessment;
- They provide a stable funding source for promotion activities.

The text of the Property and Business Improvement District Law of 1994 (AB 3754), as amended, is provided in Appendix 1 of this document.

IV. THE BOUNDARY OF THE SANTA CRUZ COUNTY TMD

The TMD will include all Lodging Businesses available for public occupancy located within the boundaries of the County of Santa Cruz. All lodging businesses that are established after the approval of this plan but before the end of the district term shall also be included in the assessment collections. R.V. parks shall not be assessed in the TMD. Vacation Rental Management Company (VRMC) businesses have their own status and assessment rate as provided herein.

The boundary currently is understood to include about 100 professionally managed Lodging Businesses, inclusive of about 10 VRMC businesses currently operating in the TMD area. Please see the map below. A listing of the Lodging Businesses within the proposed TMD can also be found on Appendix 2 of this Plan.



V. SERVICE PLAN AND BUDGET

A. Assessment and Classes

1. Assessment Tiers Generally

Annual assessment tiers and rates are as set forth in Section 1 above. The assessment will not apply on stays pursuant to group (conference) contracts executed prior to May 1, 2015, as to which previous rates under the TMD and TMD2 shall apply.

Based on the benefit received, assessments will not be collected on stays of more than thirty (30) consecutive days, nor on complimentary stays. For purposes of this plan a complimentary stay is defined as one when the customer is not paying any fee for any portion of their stay. Other than long-term visits (over 30 days) or complimentary stays there are no exceptions.

Bonds may not be issued. In addition, there will be no debt financing required by any of the jurisdictions. The amount of assessment, if passed on to each transient, shall be separately stated from the amount of rent charged and any other applicable taxes, and each transient shall receive a receipt for payment from the business.

2. Vacation Rental Management Companies

Vacation Rental Management Companies (VRMC's) are a distinct sector of the lodging industry that contracts with individual owners of houses and condominiums. VRMC's operate as agents on behalf of other property owners. The VRMC, rather than the underlying property or properties, is assessed, and VRMC's are not exempt due to the residential character of their lodging inventory. VRMC's are identified as a unique sector of businesses within the lodging industry. As such, this sector is designated as a special class within the TMD membership.

Qualifying attributes for a special class include the following: The vacation rentals are each distinct, unique and are generally not centrally located in one building or building complex, but are in various areas of the County of Santa Cruz. Their business model differs from a hotel/motel business in a number of ways and has annualized occupancy that typically is significantly lower than the industry average for lodging.

Given that (i) the assessments for the TMD are based on RevPAR and the inventory of a VRMC may fluctuate throughout any given year (preventing the calculation of RevPAR on a comparable basis over the year) and (ii) much lower occupancy rates prevail for vacation rentals in general, VRMC's will pay the equivalent of Tier 1 within the assessment structure (initially \$1.75 per room night sold) subject to increases based upon annual increases in the Consumer Price Index.

3. Exclusions from Assessments

Properties zoned solely for residential use, or that are zoned for agricultural use, are conclusively presumed not to benefit from the improvements and services funded through these assessments, and are not be subject to assessment pursuant under this District Plan.

For example, there are a large number of Privately Owned and Operated Vacation Rentals such as houses and condominiums in various areas of Santa Cruz County. These properties are rented and

promoted by their owners, primarily through online outlets such as the Vacation Rental By Owner (VRBO) web site. Substantially all of these individually owned properties are zoned solely for residential use, and those properties are not subject to assessment.

4. Assessment Rate Increases:

In order to ensure the Santa Cruz County tourism industry's competitive marketing position through adequate funding levels and avoid erosion of the marketing budget due to inflation, assessment rates will be updated and increased after years three and six by the change in the Consumer Price Index over the rate as of July 1, 2015. The increases will be instituted and effective each July 1 of Fiscal Years 18/19 and 21/22, beginning July 1, 2018 (each July 1 that is identified being an "Adjustment Date") and will equal to the product obtained when the initial assessment rate as of July 1, 2015 is multiplied by a fraction, the numerator of which is the "Comparison Index" (as hereinafter defined), and the denominator of which is the "Beginning Index" (as hereinafter defined. For administrative convenience, the actual assessment will be rounded off to the nearest \$0.05 increment. In no event, however, shall the resulting tri-annual increase in the assessment amount on the Adjustment Date exceed Nine Percent (9%), or result in a reduction of the assessment amount.

(i) Index - The "Index" for computing the increases shall be the Consumer Price Index for the San Francisco, Oakland and San Jose Metropolitan Area for All Urban Consumers (CPI-U), All Items (1982-84=100), published by the United States Department of Labor, Bureau of Labor Statistics. In the event that the Index shall ever be converted to a different standard reference base or otherwise be revised, a determination of subsequent increases to the assessments shall be made with the use of such conversion factor, formula or table for converting the Index as may be published by the Bureau of Labor Statistics. In the event the Index shall cease to be published, the index designated by the Bureau of Labor Statistics as replacing the Index, or the most comparable substitute if said Bureau fails to designate a replacement, shall be used thereafter.

(ii) Beginning Index - The "Beginning Index" shall be defined as the Index published and in effect on January 1, 2015.

(iii) Comparison Index - The "Comparison Index" shall be defined as the Index published an in effect for the date (e.g. each January 1) which is six (6) months prior to each Adjustment Date.

Any CPI based adjustments will be reported to TMD members not later than January 31 preceding the July 1 effective date for the adjustment.

5. Annual Process to Review RevPAR Rates

Each year, the Santa Cruz County Conference and Visitors Council (CVC), in their role as Tourism Marketing District's Plan Administrator, will review current RevPAR tier rates paid by each member of the TMD. If that review makes the finding to recommend a change of a member's Tier and associated assessment level, that member will be officially notified in writing of the proposed change, no later than January 31st preceding the beginning of the next fiscal year (July 1) when any increase would take effect. If a TMD member disputes the finding, the CVC will arrange a meeting with a County representative to review the data used to develop the finding. VRMC's, as permanent members of Tier 1, are exempted from the annual review.

B. Determination of Special Benefit

All businesses that have special benefit conferred upon them as a result of the services and activities provided shall be identified, with the goal that the expenses of the district shall be apportioned in proportion to the benefit received by assessed businesses.

A special benefit is defined as a particular and distinct benefit over and above general benefits conferred on the public at large. A general benefit is a benefit to businesses in the surrounding community that don't pay assessments or a benefit to the public in general resulting from the improvement, activity or service to be provided by the assessment levied. Many general benefits to the public at large are conveyed by municipal services, such as fire protection, police services and public transit services. These services are targeted to serve the public at large and do not confer special benefits on particular businesses. Similarly, activities designed to provide for targeted services can result in a general benefit to the public.

The services in this Management District Plan are designed to provide targeted services to Lodging Businesses, and are apportioned through identification of RevPAR by utilizing the transient occupancy tax data. These services are tailored not to serve the general public, but rather to serve the specific Lodging Businesses within the District, e.g., the proposed activities are specifically targeted to increase unit nights for assessed Lodging Businesses within the boundaries of the District, and are narrowly tailored. TMD funds will be used exclusively to benefit the businesses that are assessed. The disparate rate tiers are intended to reflect the benefits to the different businesses subject to those rate tiers.

The activities paid for from assessment revenues are services creating special benefit to those businesses. In addition, these activities are not for the benefit of the general public and do not provide a general benefit as defined above. The general benefits (if any) to the surrounding community and general public are a byproduct of the special benefit being paid for and are therefore intangible and unquantifiable. It is appropriate that these special business-related benefits be funded through business assessments.

C. Time and Manner for Collecting Assessments

The TMD assessment will be implemented beginning July 1, 2015 and will continue for seven (7) years. Each jurisdiction within the TMD will be responsible for collecting assessments (including any delinquencies, penalties and interest) from each lodging business located in their respective jurisdiction. The County of Santa Cruz and the Cities of Santa Cruz and Capitola currently collect assessments on a monthly basis. The Cities of Scotts Valley and Watsonville currently collect assessments on a quarterly basis. Assessments will be collected concurrently with TOT and shall be subject to any changes in each jurisdiction's TOT collection procedures. Each jurisdiction shall collect assessments in accordance with its own regulations and procedures consistent with the collection of TOT. Each jurisdiction will remit assessments on a monthly or at most a quarterly basis to the Santa Cruz County Conference and Visitors Council (SCCCVC) which will have the responsibility to manage the TMD programs as provided in this district plan.

D. Service Plan Budget and Programs to be Provided:

The initial annual service plan budget for the TMD is approximately \$1.9 Million. The budget is intended to support the ongoing operations and administration of the existing Santa Cruz County Tourism Marketing District (as it was supplemented by TMD2), subject to adjustment based upon annual changes in the CPI.

E. Annual Service Plan:

A service plan budget has been developed to deliver services throughout the District. An annual service plan and budget will be developed and approved by the SCCCVC Board. The budget also includes a portion for audit, research, and contingencies and renewal of the District. Should the SCCCVC Board approve, funds may be appropriated for the renewal effort. If there are funds remaining at the end of the District term and Lodging Businesses choose to renew, these remaining funds could be transferred to the renewed District. If there are funds remaining at the end of the District and Lodging Businesses choose not to renew, any remaining funds will be spent consistent with this Plan or returned to assessed businesses in equal proportion to the assessment paid by each business. TMD funds shall not be used to pay for activities in support or opposition to an application for a proposed land use modification.

F. Adjustments:

The SCCCVC board has full authority to manage expenditures consistent with this Plan. Although actual revenues will fluctuate due to market conditions, the proportional allocations of the budget below shall remain the same. The SCCCVC board shall have the authority to adjust budget allocations between the categories below by no more than fifteen percent (15%) per year.

G. Adjustments to Status of Lodging Businesses:

New Lodging Businesses without a twelve month history of operations will automatically be identified as Tier 1 and pay that assessment level for the first twelve months of operations, at which time RevPAR will be determined. The Lodging Business would then be notified of any Tier adjustment the following January 31st after their first twelve months of operations. Any Tier adjustment would take effect the following July 1. In the event that a currently operating Lodging Business closes and ceases to conduct business for twelve consecutive months or longer, upon reestablishment of operations, that Lodging Business would follow the same process as a new lodging establishment. In the case of the sale of an existing property that continues operations, the current Tier assessment will transfer with the Lodging Business.

Santa Cruz County Tourism Marketing District Annual Budget

Marketing, Communications and Promotions

The annual budget will support the existing and ongoing marketing and promotions efforts. All marketing and promotions activities will be designed and implemented with the goal of attracting overnight visitors with a primary focus on visits during the non-summer season. Activities may include any or all of the following initiatives:

- Direct Advertising
- On-line/Web Based Promotional Programs
- Trade Shows/Sales Blitzes
- Familiarization Tours
- Collateral Material Development
- Professional Industry Conferences/Affiliation Fees
- Contract Consulting Fees
- Special Event Promotion Funding
- Visitor Services
- Research
- Staffing Costs
- Public, Community and Media Relations
- Trade Shows/ Media Events
- Website Development
- Electronic Newsletters and On-line Marketing Programs
- Collateral Material Development

Category	Percentage of Budget
Marketing /Promotions	73%
Administration/Operations	25%
Jurisdictional Administration Fee	1%
Reserve for Audit/Collections	.25%
Reserve for Research	.5%
Contingency and Renewal	.25%
Total Estimated Tourism District Annual Budget	100%

Administration and Operations

The budget may also be allocated to administration and operational expenses to support the operations of the SCCCVC. These expenses may include:

- Staffing costs
- Legal and consulting fees
- Office space rental
- General administrative and operational costs

Jurisdictional Administration Fees

- (a) The County of Santa Cruz and each City will be paid a fixed administrative fee of 1% of the amount collected within their jurisdiction for the costs of administration of assessments, which is a reasonable estimate of the costs of services to be delivered by the jurisdictions. An additional .5% shall be reserved by the SCCCVC and used to reimburse the County and Cities for the actual costs of auditing and delinquency collections, to the extent not covered by interests and penalties. The County of Santa Cruz will be paid any actual costs which exceed the fixed fee mentioned above provided that the County of Santa Cruz makes available to the SCCCVC a full itemization of the actual costs. Upon request of the SCCCVC, the County of Santa Cruz will meet with the SCCCVC for the purpose of reducing future actual costs to 1.5% or less. The fee for administration and any additional actual costs incurred by the County of Santa Cruz will be retained by the County of Santa Cruz from the assessments collected.
- (b) Any lodging business that fails to remit any assessment imposed by the district with the time required shall pay penalties in accordance with the regulations and procedures established for TOT collections in each jurisdiction. Any penalty and interest fees shall be retained by the collecting jurisdiction as an offset to the actual costs of delinquency collection.
- (c) The jurisdictions shall be responsible for collecting and distributing assessments and for reasonable efforts in collecting delinquencies. The SCCCVC may call for an annual meeting of the jurisdictions to review administrative matters and address any concerns regarding the administration of the assessment, as they determine necessary.

Delinquency, Penalty and Interest

Any lodging business that fails to remit any assessment imposed by the district within the time required shall pay penalties in accordance with the regulations and procedures established for TOT collections in each jurisdiction. Collecting jurisdictions shall be responsible for collecting delinquencies. Any penalty and interest fees shall be retained by the collecting jurisdiction to help offset the actual costs of such action.

Without limiting any other remedies, any TMD Lodging Business that has been notified of having outstanding assessment fees and is more than six months in arrears with such payments may have

their TMD benefits suspended until such payments have been satisfied. Suspension of benefits must be initiated by official action taken by a majority vote of the SCCCVC Board of Directors.

Audits

The County of Santa Cruz shall perform or cause to be performed an audit of the books and records of the district not less than at the close of the third, fifth, eighth, and tenth fiscal years of the operations of the SCCCVC. Actual costs of such audit will be reimbursed by the SCCCVC to the County. The following conditions shall apply to any audit:

1. The County may perform the audit work using in-house Auditors, or may contract with the same CPA firm that the SCCCVC used to perform its most recent annual financial audit.
2. If the options in #1 are not exercised, the County shall obtain bids from three qualified CPA firms acceptable to the County Auditor-Controller and the County shall select the lowest priced option, unless otherwise approved by the SCCCVC.

Contingency and Renewal

Approximately .25% of the budget shall be retained in a contingency fund. If there are contingency funds remaining at the expiration of the district, these funds may be used for costs and expenses required to renew the district.

Disestablishment of the District

Per the Streets and Highways Code section 36670 of the Business Improvement District Law of 1994 the district may be disestablished by resolution by the Board of Supervisors for misappropriation of funds, malfeasance, or a violation of law in connection with the management of the district. Disestablishment may also occur upon the written petition of the owners or authorized representatives of real property or the owners or authorized representatives of businesses in the area who pay 50 percent or more of the assessments levied during a 30 day period beginning one year after the establishment of the district. A 30 day period shall occur for each successive year of the district's operation.

VI. BID GOVERNANCE

A. Santa Cruz County Tourism Marketing District Governance

The SCCVC will serve as the Owners' Association for the TMD.

B. Brown Act and Public Records Act Compliance

The Owner's Association of a TMD is considered a legislative body under the Ralph M. Brown Act (Government Code §54950 et seq.). Thus, meetings of the SCCVC board must be held in compliance with the public notice and other requirements of the Brown Act. The Owner's Association is also subject to the record keeping requirements of the California Public Records Act.

C. Annual Report

The SCCVC board shall present an annual report at the end of each year of operation to the Board of Supervisors pursuant to Streets and Highways Code §36650 (see Appendix 1).

APPENDIX 1 – THE PROPERTY AND BUSINESS IMPROVEMENT DISTRICT LAW OF 1994

PROPERTY AND BUSINESS IMPROVEMENT DISTRICT LAW OF 1994 **STREETS AND HIGHWAYS CODE** Division 18. Parking

§ 36600. Citation of part

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

§ 36601. Legislative findings and declarations

The Legislature finds and declares all of the following:

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

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

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

(d) Assessments levied for the purpose of providing improvements and promoting activities that benefit real property or businesses are not taxes for the general benefit of a city, but are assessments for the improvements and activities which confer special benefits upon the real property or businesses for which the improvements and activities are provided.

§ 36602. Purpose of part

The purpose of this part is to supplement previously enacted provisions of law that authorize cities to levy assessments within a business improvement area. This part does not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes.

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

Nothing in this part is intended to preempt the authority of a charter city to adopt ordinances providing for a different method of levying assessments for similar or additional purposes from those set forth in this part. A property and business improvement district created pursuant to this

part is expressly exempt from the provisions of the Special Assessment Investigation, Limitation and Majority Protest Act of 1931 (Division 4 (commencing with Section 2800)).

§ 36603.5. Part prevails over conflicting provisions

Any provision in this part that conflicts with any other provision of law shall prevail over the other provision of law.

§ 36604. Severability

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

§ 36605. [Section repealed 2001.]

§ 36606. “Assessment”

“Assessment” means a levy for the purpose of acquiring, constructing, installing, or maintaining improvements and promoting activities which will benefit the properties or businesses located within a property and business improvement district.

§ 36607. “Business”

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

§ 36608. “City”

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

§ 36609. “City council”

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

§ 36610. “Improvement”

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

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

§ 36611. “Property and business improvement district”; “District”

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

§ 36612. “Property”

“Property” means real property situated within a district.

§ 36613. “Activities”

“Activities” means, but is not limited to, all of the following:

- (a) Promotion of public events which benefit businesses or real property in the district.
- (b) Furnishing of music in any public place within the district.
- (c) Promotion of tourism within the district.
- (d) Marketing and economic development, including retail retention and recruitment.
- (e) Providing security, sanitation, graffiti removal, street and sidewalk cleaning, and other municipal services supplemental to those normally provided by the municipality.
- (f) Activities which benefit businesses and real property located in the district.

§ 36614. “Management district plan”; “Plan”

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

§ 36614.5. “Owners’ association”

“Owners’ association” means a private nonprofit entity that is under contract with a city to administer or implement activities and improvements specified in the management district plan. An owners’ association may be an existing nonprofit entity or a newly formed nonprofit entity. An owners’ association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose. Notwithstanding this section, an owners’ association shall comply with the Ralph M. Brown Act (Chapter 9 (commencing with *Section 54950*) of *Part 1 of Division 2 of Title 5 of the Government Code*), at all times when matters within the subject matter of the district are heard, discussed, or deliberated, and with the California Public Records Act (Chapter 3.5 (commencing with *Section 6250*) of *Division 7 of Title 1 of the Government Code*), for all documents relating to activities of the district.

§ 36615. “Property owner”; “Business Owner”; “Owner”

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

§ 36616. “Tenant”

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

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

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

§ 36620. Establishment of property and business improvement district

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

§ 36620.5. Requirement of consent of city council

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

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

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

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

- (1) A map showing the boundaries of the district.
- (2) Information specifying where the complete management district plan can be obtained.
- (3) Information specifying that the complete management district plan shall be furnished upon request.

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

(1) A brief description of the proposed activities and improvements, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property or businesses within the district, a statement as to whether bonds will be issued, and a description of the exterior boundaries of the proposed district. The descriptions and statements do not need to be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements and activities and the location and extent of the proposed district.

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

§ 36622. Contents of management district plan

The management district plan shall contain all of the following:

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

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

(b) The name of the proposed district.

(c) A description of the boundaries of the district, including the boundaries of benefit zones, proposed for establishment or extension in a manner sufficient to identify the affected lands and businesses included. The boundaries of a proposed property assessment district shall not overlap with the boundaries of another existing property assessment district created pursuant to this part. This part does not prohibit the boundaries of a district created pursuant to this part to overlap with other assessment districts established pursuant to other provisions of law, including, but not limited to, the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500)). This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with another business assessment district created pursuant to this part. This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with a property assessment district created pursuant to this part.

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

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

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

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

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

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

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

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

(l) Any other item or matter required to be incorporated therein by the city council.

§ 36623. Procedure to levy assessment

(a) If a city council proposes to levy a new or increased property assessment, the notice and protest and hearing procedure shall comply with Section 53753 of the Government Code.

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

(c) If a city council proposes to conduct a single proceeding to levy both a new or increased property assessment and a new or increased business assessment, the notice and protest and hearing procedure for the property assessment shall comply with subdivision (a), and the notice and protest and hearing procedure for the business assessment shall comply with subdivision (b). If a majority protest is received from either the property or business owners, that respective portion of the assessment shall not be levied. The remaining portion of the assessment may be levied unless the improvement or other special benefit was proposed to be funded by assessing both property and business owners.

§ 36624. Changes to proposed assessments

At the conclusion of the public hearing to establish the district, the city council may adopt, revise, change, reduce, or modify the proposed assessment or the type or types of improvements and activities to be funded with the revenues from the assessments. Proposed assessments may only be revised by reducing any or all of them. At the public hearing, the city council may only make changes in, to, or from the boundaries of the proposed property and business improvement

district that will exclude territory that will not benefit from the proposed improvements or activities. Any modifications, revisions, reductions, or changes to the proposed assessment district shall be reflected in the notice and map recorded pursuant to Section 36627.

§ 36625. Resolution of formation

(a) If the city council, following the public hearing, decides to establish the proposed property and business improvement district, the city council shall adopt a resolution of formation that shall contain all of the following:

(1) A brief description of the proposed activities and improvements, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property, businesses, or both within the district, a statement about whether bonds will be issued, and a description of the exterior boundaries of the proposed district. The descriptions and statements do not need to be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements and activities and the location and extent of the proposed district.

(2) The number, date of adoption, and title of the resolution of intention.

(3) The time and place where the public hearing was held concerning the establishment of the district.

(4) A determination regarding any protests received. The city shall not establish the district or levy assessments if a majority protest was received.

(5) A statement that the properties, businesses, or properties and businesses in the district established by the resolution shall be subject to any amendments to this part.

(6) A statement that the improvements and activities to be provided in the district will be funded by the levy of the assessments. The revenue from the levy of assessments within a district shall not be used to provide improvements or activities outside the district or for any purpose other than the purposes specified in the resolution of intention, as modified by the city council at the hearing concerning establishment of the district.

(7) A finding that the property or businesses within the area of the property and business improvement district will be benefited by the improvements and activities funded by the assessments proposed to be levied.

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

§ 36626. Resolution establishing district

If the city council, following the public hearing, desires to establish the proposed property and business improvement district, and the city council has not made changes pursuant to Section 36624, or has made changes that do not substantially change the proposed assessment, the city council shall adopt a resolution establishing the district. The resolution shall contain all of the information specified in paragraphs (1) to (8), inclusive, of subdivision (b) of Section

36625, but need not contain information about the preliminary resolution if none has been adopted.

§ 36626.5. [Section repealed 1999.]

§ 36626.6. [Section repealed 1999.]

§ 36626.7. [Section repealed 1999.]

§ 36627. Notice and assessment diagram

Following adoption of the resolution establishing district assessments on properties pursuant to Section 36625 or Section 36626, the clerk of the city shall record a notice and an assessment diagram pursuant to Section 3114. No other provision of Division 4.5 (commencing with Section 3100) applies to an assessment district created pursuant to this part.

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

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

§ 36628.5. Assessments on businesses or property owners

The city council may levy assessments on businesses or on property owners, or a combination of the two, pursuant to this part. The city council shall structure the assessments in whatever manner it determines corresponds with the distribution of benefits from the proposed improvements and activities.

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

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

§ 36630. Expiration of district; Creation of new district

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

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

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

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

(a) The assessments levied on real property pursuant to this part shall be levied on the basis of the estimated benefit to the real property within the property and business improvement district. The city council may classify properties for purposes of determining the benefit to property of the improvements and activities provided pursuant to this part.

(b) Assessments levied on businesses pursuant to this part shall be levied on the basis of the estimated benefit to the businesses within the property and business improvement district. The city council may classify businesses for purposes of determining the benefit to the businesses of the improvements and activities provided pursuant to this part.

(c) Properties zoned solely for residential use, or that are zoned for agricultural use, are conclusively presumed not to benefit from the improvements and service funded through these assessments, and shall not be subject to any assessment pursuant to this part.

§ 36633. Time for contesting validity of assessment

The validity of an assessment levied under this part shall not be contested in any action or proceeding unless the action or proceeding is commenced within 30 days after the resolution levying the assessment is adopted pursuant to Section 36626. Any appeal from a final judgment in an action or proceeding shall be perfected within 30 days after the entry of judgment.

§ 36634. Service contracts authorized to establish levels of city services

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

§ 36635. Request to modify management district plan

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

§ 36636. Modification of plan by resolution after public hearing; Adoption of resolution of intention; Modification of improvements and activities by adoption of resolution after public hearing

(a) Upon the written request of the owners' association, the city council may modify the management district plan after conducting one public hearing on the proposed modifications. The city council may modify the improvements and activities to be funded with the revenue derived from the levy of the assessments by adopting a resolution determining to make the modifications after holding a public hearing on the proposed modifications. If the modification includes the levy of a new or increased assessment, the city council shall comply with Section 36623. Notice of all other public meetings and public hearings pursuant to this section shall comply with both of the following:

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

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

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

§ 36637. Reflection of modification in notices recorded and maps

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

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

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

modified by the city council as necessary to accommodate assessments levied upon business pursuant to this part.

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

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

§ 36641. [Section repealed 2001.]

§ 36642. [Section repealed 2001.]

§ 36643. [Section repealed 2001.]

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

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

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

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

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

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

(4) The method and basis of levying the assessment in sufficient detail to allow each real property or business owner, as appropriate, to estimate the amount of the assessment to be levied against his or her property or business for that fiscal year.

(5) The amount of any surplus or deficit revenues to be carried over from a previous fiscal year.

(6) The amount of any contributions to be made from sources other than assessments levied pursuant to this part.

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

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

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

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

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

(a) Any district previously established whose term has expired, may be renewed by following the procedures for establishment as provided in this chapter.

(b) Upon renewal, any remaining revenues derived from the levy of assessments, or any revenues derived from the sale of assets acquired with the revenues, shall be transferred to the renewed district. If the renewed district includes additional parcels or businesses not included in the prior district, the remaining revenues shall be spent to benefit only the parcels or businesses in the prior district. If the renewed district does not include parcels or businesses included in the prior district, the remaining revenues attributable to these parcels shall be refunded to the owners of these parcels or businesses.

(c) Upon renewal, a district shall have a term not to exceed 10 years, or, if the district is authorized to issue bonds, until the maximum maturity of those bonds. There is no requirement that the boundaries, assessments, improvements, or activities of a renewed district be the same as the original or prior district.

§ 36670. Circumstances permitting disestablishment of district; Procedure

(a) Any district established or extended pursuant to the provisions of this part, where there is no indebtedness, outstanding and unpaid, incurred to accomplish any of the purposes of the district, may be disestablished by resolution by the city council in either of the following circumstances:

(1) If the city council finds there has been misappropriation of funds, malfeasance, or a violation of law in connection with the management of the district, it shall notice a hearing on disestablishment.

(2) During the operation of the district, there shall be a 30-day period each year in which assessees may request disestablishment of the district. The first such period shall begin one year

after the date of establishment of the district and shall continue for 30 days. The next such 30-day period shall begin two years after the date of the establishment of the district. Each successive year of operation of the district shall have such a 30-day period. Upon the written petition of the owners or authorized representatives of real property or the owners or authorized representatives of businesses in the area who pay 50 percent or more of the assessments levied, the city council shall pass a resolution of intention to disestablish the district. The city council shall notice a hearing on disestablishment.

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

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

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

(b) If the disestablishment occurs before an assessment is levied for the fiscal year, the method and basis that was used to calculate the assessments levied in the immediate prior fiscal year shall be used to calculate the amount of any refund.

APPENDIX 2 – LODGING BUSINESSES TO BE ASSESSED WITHIN THE SCCTMD

Appendix 2 - Lodging Businesses to be Assessed within the SCCTMD *updated 12.09.14

	<i>Company Name</i>	<i>Street Address</i>	<i>City</i>	<i>Jurisdiction</i>	<i># Units</i>
1	Adobe on Green Street B & B	103 Green Street	Santa Cruz	Santa Cruz	4
2	aGreatPlaceToStay.net - A Network of Friends	Various locations	Santa Cruz, Capitola, Apto	County of Santa	9
3	America's Best Value Inn - Watsonville	781 Freedom Blvd.	Watsonville	Watsonville	28
4	America's Best Value Inn & Suites	505 Riverside Avenue	Santa Cruz	Santa Cruz	25
5	Aqua Breeze Inn	204 Second Street	Santa Cruz	Santa Cruz	50
6	At the Dunes	2661 Beach Road #3	Watsonville	Watsonville	42
7	Bailey Property Management	106 Aptos Beach Drive	Aptos	County of Santa Cruz	94
8	Bay Front Inn	325 Pacific Avenue	Santa Cruz	Santa Cruz	46
9	Bayview Hotel Bed & Breakfast	8041 Soquel Drive	Aptos	County of Santa Cruz	12
10	Beach Bungalow Vacation Rentals	Various locations	Capitola, Santa Cruz	County of Santa Cruz	3
11	Beach House Rentals	Various locations	Capitola, Aptos, Santa Cru	County of Santa Cruz	60
12	Beach Nest Vacation Rentals	7960-B Soquel Drive, Suite	APTOS	County of Santa Cruz	17
13	Beach Street Inn & Suites	125 Beach Street	Santa Cruz	Santa Cruz	42
14	Beachview Inn	50 Front Street	Santa Cruz	Santa Cruz	22
15	Bella Notte - The Inn at East Cliff	21305 East Cliff Drive	Santa Cruz	County of Santa Cruz	10
16	Best Western Inn - Santa Cruz	126 Plymouth Street	Santa Cruz	Santa Cruz	29
17	Best Western Plus - All Suites Inn	500 Ocean Street	Santa Cruz	Santa Cruz	78
18	Best Western Plus - Scotts Valley Inn	6020 Scotts Valley Drive	Scotts Valley	Scotts Valley	58
19	Best Western Plus Capitola By-the-Sea Inn & Suites	1435 41st Avenue	Capitola	Capitola	58
20	Best Western Rose Garden Inn	740 Freedom Boulevard	Watsonville	Watsonville	46
21	Best Western Seacliff Inn	7500 Old Dominion Court	Aptos	County of Santa Cruz	148
22	Big Six Motel	335 Riverside Avenue	Santa Cruz	Santa Cruz	21
23	Boca del Cielo	118 First Street	Santa Cruz	Santa Cruz	6
24	Boulder Creek Lodge & Conference Center	16901 Big Basin Hwy.	Boulder Creek	County of Santa Cruz	17
25	Budget Inn Motel of Santa Cruz	110 San Lorenzo Boulevard	Santa Cruz	Santa Cruz	19
26	Capitola Hotel	210 Esplanade	Capitola	Capitola	10
27	Capitola Venetian Hotel	1500 Wharf Road	Capitola	Capitola	19
28	Capri Motel	337 Riverside Avenue	Santa Cruz	Santa Cruz	17
29	Carousel Beach Inn	110 Riverside Avenue	Santa Cruz	Santa Cruz	34
30	Casablanca Inn	101 Main Street	Santa Cruz	Santa Cruz	33
31	Chaminade Resort & Spa	One Chaminade Lane	Santa Cruz	County of Santa	156
32	Cheshire Rio Realty and Property Management	Various locations	Santa Cruz, Capitola, Apto	County of Santa	75
33	Cliff Crest Bed & Breakfast Inn	407 Cliff Street	Santa Cruz	Santa Cruz	6
34	Coastview Inn	301 Beach Street	Santa Cruz	Santa Cruz	34
35	Comfort Inn - Beach/Boardwalk	314 Riverside Avenue	Santa Cruz	Santa Cruz	30
36	Comfort Inn - Santa Cruz	110 Plymouth Street	Santa Cruz	Santa Cruz	62
37	Comfort Inn - Watsonville	112 Airport Boulevard	Freedom	County of Santa Cruz	40
38	Continental Inn	414 Ocean Street	Santa Cruz	Santa Cruz	49
39	Darling House	314 West Cliff Drive	Santa Cruz	Santa Cruz	7
40	Davenport Roadhouse Inn	1 Davenport Ave.	Davenport	County of Santa Cruz	12
41	Days Inn & Suites Santa Cruz	600 Riverside Avenue	Santa Cruz	Santa Cruz	78
42	Days Inn Watsonville	1620 W. Beach Street	Watsonville	Watsonville	94
43	Econolodge Inn & Suites	619 Riverside Ave.	Santa Cruz	Santa Cruz	63
44	Economy Inn	584 Auto Center Drive	Watsonville	Watsonville	30
45	Edgewater Beach Inn & Suites	525 Second Street	Santa Cruz	Santa Cruz	17
46	Fairfield Inn & Suites by Marriott Santa Cruz - Capitola	1255 41st Ave	Capitola	Capitola	84
47	Fairview Manor	245 Fairview Avenue	Ben Lomond	County of Santa	5

48	Fern River Resort Motel	5250 Highway 9	Felton	County of Santa Cruz	14
49	Fireside Inn	311 2nd Street	Santa Cruz	Santa Cruz	25
50	Flora Vista Inn	1258 San Andreas Road	Watsonville	Watsonville	5
51	Hampton Inn	1505 Ocean Street	Santa Cruz	Santa Cruz	46
52	Harbor Inn	645 7th Avenue	Santa Cruz	County of Santa	19
53	Harbor Lights Motel	5000 Cliff Drive	Capitola	Capitola	10
54	Hilton Santa Cruz / Scotts Valley	6001 La Madrona Drive	Santa Cruz	Santa Cruz	174
55	Hinds Victorian Guest House	529 Chestnut Street #12	Santa Cruz	Santa Cruz	11
56	Historic Sand Rock Farm	6901 Freedom Boulevard	Aptos	County of Santa	5
57	Hitching Post Studios Inn	1717 Soquel Avenue	Santa Cruz	Santa Cruz	31
58	Holiday Inn Express & Suites - Santa Cruz	1410 Ocean Street	Santa Cruz	Santa Cruz	100
59	Holiday Inn Express Hotel & Suites	1855 Main Street	Watsonville	Watsonville	65
60	Hotel Pacific Inn	330 Ocean Street	Santa Cruz	Santa Cruz	36
61	Hotel Paradox	611 Ocean Street	Santa Cruz	Santa Cruz	170
62	Howard Johnson Inn at the Santa Cruz Wharf	130 West Cliff Drive	Santa Cruz	Santa Cruz	30
63	Inn at Depot Hill	250 Monterey Avenue	Capitola	Capitola	12
64	Inn at Pasatiempo	555 Hwy 17	Santa Cruz	County of Santa	54
65	Jaye's Timberlane Resort	8705 Highway 9	Ben Lomond	County of Santa Cruz	10
66	Kendall & Potter Property Management	All Santa Cruz County	Santa Cruz, Capitola, Apto	County of Santa	50
67	Knights Inn	510 Leibbrandt Avenue	Santa Cruz	Santa Cruz	28
68	Lanai Lodge	550 Second Street	Santa Cruz	Santa Cruz	20
69	Merrybrook Lodge	13420 Big Basin Way - Box	Boulder Creek	County of Santa Cruz	10
70	Mission Inn	2250 Mission St.	SANTA CRUZ	Santa Cruz	53
71	Monarch Cove Inn	620 El Salto Drive	Capitola	Capitola	11
72	Monterey Bay Realty	1479 San Andreas Road	La Selva	County of Santa Cruz	4
73	Motel 6 - Watsonville	125 Silver Leaf Drive	Watsonville	Watsonville	124
74	Motel Santa Cruz	370 Ocean Street	Santa Cruz	Santa Cruz	55
75	National 9 Motel	130 Plymouth Street	Santa Cruz	Santa Cruz	25
76	National 9 Motel - Watsonville	1 Western Drive	Watsonville	Watsonville	14
77	Ocean Echo Inn & Beach Cottages	401 Johans Beach Drive	Santa Cruz	County of Santa	15
78	Ocean Gate Inn	111 Ocean Street	Santa Cruz	Santa Cruz	25
79	Ocean Lodge	1015 Ocean Street	Santa Cruz	Santa Cruz	29
80	Ocean Pacific Lodge	301 Pacific Ave.	Santa Cruz	Santa Cruz	56
81	Oceana Inn	525 Ocean Street	Santa Cruz	Santa Cruz	55
82	Pacific Blue Inn	636 Pacific Ave	Santa Cruz	Santa Cruz	9
83	Pajaro Dunes Resort	105 Shell Drive	Watsonville	Watsonville	125
84	Pelican Point Inn	2-1345 East Cliff Drive	Santa Cruz	County of Santa	10
85	Quality Inn - Downtown Santa Cruz	1101 Ocean Street	Santa Cruz	Santa Cruz	42
86	Quality Inn & Suites (Capitola By-The-Sea)	720 Hill Street	Capitola	Capitola	55
87	Quality Inn & Suites Santa Cruz Mountains	9733 Highway 9	Ben Lomond	County of Santa Cruz	25
88	Ramada Limited Santa Cruz	516 Water Street	Santa Cruz	Santa Cruz	50
89	Redwood Croft Bed & Breakfast	275 Northwest Drive	Santa Cruz	County of Santa	3
90	Rio Sands Hotel	116 Aptos Beach Drive	Aptos	County of Santa Cruz	50
91	Rio Vista Luxury Suites	611 Third Street	Santa Cruz	Santa Cruz	12
92	Santa Cruz Dream Inn	175 West Cliff Drive	Santa Cruz	Santa Cruz	165
93	Santa Cruz Inn	2950 Soquel Ave	Santa Cruz	Santa Cruz	20
94	Sea & Sand Inn	201 West Cliff Drive	Santa Cruz	Santa Cruz	22
95	Seascape Beach Resort - Monterey Bay	1 Seascape Resort Drive	Aptos	County of Santa Cruz	285
96	Seaway Inn	176 West Cliff Drive	Santa Cruz	Santa Cruz	23
97	Sunny Cove Motel	2-1610 East Cliff Drive	Santa Cruz	County of Santa	13
98	Sunset Inn	2424 Mission Street	Santa Cruz	Santa Cruz	32
99	Super 8 Motel - East	338 Riverside Avenue	Santa Cruz	Santa Cruz	24

100	Super 8 Motel - West	321 Riverside Avenue	Santa Cruz	Santa Cruz	23
101	Surfside Apartments	311 Cliff Street	Santa Cruz	Santa Cruz	10
102	The Babbling Brook Inn	1025 Laurel St.	Santa Cruz	Santa Cruz	13
103	The Breakers Hotel Vacation Rentals	305 Beach Street	Santa Cruz	Santa Cruz	6
104	The Islander Motel	522 Ocean Street	Santa Cruz	Santa Cruz	22
105	Torch Lite Inn	500 Riverside Avenue	Santa Cruz	Santa Cruz	38
106	Valley Inn	970 Main Street	Watsonville	Watsonville	22
107	West Cliff Inn, A Four Sisters Inn	174 West Cliff Drive	Santa Cruz	Santa Cruz	10
	<i>updated 12.09.14</i>				