

AMENDED IN SENATE JUNE 11, 2014

AMENDED IN ASSEMBLY MAY 5, 2014

AMENDED IN ASSEMBLY APRIL 21, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 2618

**Introduced by Assembly Member John A. Pérez
(Coauthors: Assembly Members Dickinson and Ting)**

February 21, 2014

An act to amend Sections 36601, 36602, 36603.5, 36621, 36622, 36624, 36625, 36628.5, 36632, 36650, and 36651 of, to amend and renumber Sections 36606, 36611, 36612, 36613, 36614, and 36614.5 of, and to add Sections 36609.5, 36614.6, 36614.7, and 36615.5 to, the Streets and Highways Code, relating to benefit assessments.

LEGISLATIVE COUNSEL'S DIGEST

AB 2618, as amended, John A. Pérez. Property and business improvement areas: benefit assessments.

The California Constitution generally requires that assessments, fees, and charges be submitted to property owners for approval or rejection after the provision of written notice and the holding of a public hearing.

The Property and Business Improvement District Law of 1994 authorizes cities to form property and business improvement districts that may levy assessments within a district for the purpose of making improvements and promoting activities of benefit to the properties and businesses within the district, and defines various terms for purposes of the law.

The law requires a management district plan to include, among other things, the name of the proposed district, a description of the boundaries

of the district, and the total annual amount proposed to be expended for improvements, maintenance and operations, and debt service in each year of operation of the district.

This bill would require a management district plan to additionally include, for districts that are property-based, the proportionate special benefit derived by each identified parcel, *to be determined as prescribed*, the total amount of all special benefits to be conferred on the properties located within the property-based district, the total amount of any general benefit, and a detailed engineer's report, as specified.

This bill would define the term "special benefit" for purposes of that law to mean a particular and distinct benefit over and above general benefits, as defined, conferred on real property located in a ~~property-based district, as defined, district or to the public at large, or other real property, as specified~~ *large, and would specify that special benefit includes incidental, secondary, or collateral effects that arise even if those effects benefit property or persons not assessed.*

The law additionally requires the city council to adopt a resolution of formation containing, among other things, a statement that the improvements and activities to be provided in the district will be funded by the levy of the assessments and a finding that the property or businesses within the area of the district will be benefited by the improvements and activities funded by the assessments proposed to be levied.

~~This bill would require, for a property-based district, a statement of the source of funding to pay for any general benefits; require a finding that the property within the district will receive a special benefit; benefit and the total amount of all special benefits to be conferred on the properties within the property-based district, and the total amount of any general benefit. district.~~

The law authorizes a city council to levy assessments on businesses or on property owners, or a combination of the 2, and requires the city council to structure the assessments on whatever manner it determines corresponds with the distribution of benefits from the proposed improvements and activities.

This bill would require any property-based assessment to be proportional to the special benefit conferred on the assessed property, *and conform with specified requirements* and would prohibit the assessment from exceeding the reasonable cost of the proportional special benefit conferred, as specified.

The bill would make various conforming changes to specify that the provisions described above apply to maintenance as well as improvements and activities.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 36601 of the Streets and Highways Code
2 is amended to read:

3 36601. The Legislature finds and declares all of the following:

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

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

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

17 (d) Assessments levied for the *purpose of conferring* special
18 benefit ~~conferred~~ upon *the* real property or businesses in a business
19 district are not taxes for the general benefit of a city, even if ~~there~~
20 ~~is some incidental benefit to~~ property or persons not assessed, ~~from~~
21 ~~the improvements, maintenance, or activities that confer the special~~
22 ~~benefit assessed receive incidental, secondary, or collateral effects~~
23 *that benefit them.*

24 (e) Property and business improvement districts formed
25 throughout this state have conferred special benefits ~~on~~ *upon*
26 properties and businesses within their districts and have made
27 assessed *those* properties and businesses more useful by providing
28 the following benefits:

29 (1) Crime reduction. A study by the Rand Corporation has
30 confirmed a 12-percent reduction in the incidence of robbery and
31 an 8-percent reduction in the total incidence of violent crimes
32 within the 30 districts studied.

1 (2) Job creation.

2 (3) Business attraction.

3 (4) Business retention.

4 (5) Economic growth.

5 (6) New investments.

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

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

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

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

27 ~~(2) Improvements, maintenance, or activities conferring special~~
 28 ~~benefits upon property to be assessed also inevitably provide~~
 29 ~~incidental, secondary, or collateral effects that benefit others not~~
 30 ~~assessed. This incidental benefit is part of a special benefit and is~~
 31 ~~not intended to generally benefit the public and, therefore, does~~
 32 ~~not constitute a general benefit under Article XIII D of the~~
 33 ~~Constitution.~~

34 (2) *Activities undertaken for the purpose of conferring special*
 35 *benefits upon property to be assessed inherently produce*
 36 *incidental, secondary, or collateral effects that benefit property*
 37 *or persons not assessed. Therefore, for special benefits to exist as*
 38 *a separate and distinct category from general benefits, the*
 39 *incidental, secondary, or collateral effects of those special benefits*
 40 *are inherently part of those special benefits. The mere fact that*

1 *special benefits produce incidental, secondary, or collateral effects*
2 *that benefit property or persons not assessed does not convert any*
3 *portion of those special benefits or their incidental, secondary, or*
4 *collateral effects into general benefits.*

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

12 SEC. 2. Section 36602 of the Streets and Highways Code is
13 amended to read:

14 36602. The purpose of this part is to supplement previously
15 enacted provisions of law that authorize cities to levy assessments
16 within a property and business improvement ~~district~~, *districts*, to
17 ensure that those assessments conform to all constitutional
18 requirements and are determined and assessed in accordance with
19 the guidance set forth in this act. This part does not affect or limit
20 any other provisions of law authorizing or providing for the
21 furnishing of improvements or activities or the raising of revenue
22 for these purposes.

23 SEC. 3. Section 36603.5 of the Streets and Highways Code is
24 amended to read:

25 36603.5. Any provision of this part that conflicts with any other
26 provision of law shall prevail over the other provision of law, as
27 to districts created under this part.

28 SEC. 4. Section 36606 of the Streets and Highways Code is
29 amended and renumbered to read:

30 36606.5. “Assessment” means a levy for the purpose of
31 acquiring, constructing, installing, or maintaining improvements
32 and promoting activities that will provide certain benefits to
33 properties or businesses located within a property and business
34 improvement district.

35 SEC. 5. Section 36609.5 is added to the Streets and Highways
36 Code, to read:

37 36609.5. “General benefit” means, for purposes of a
38 property-based district, any benefit ~~provided to the public at large~~
39 ~~or any person or property other than the properties located within~~
40 ~~the property-based district.~~ “General benefit” excludes all types

1 ~~and components of a~~ *that is not a* “special benefit” as defined in
2 Section 36615.5.

3 SEC. 6. Section 36611 of the Streets and Highways Code is
4 amended and renumbered to read:

5 36614.5. “Property and business improvement district,” or
6 “district,” means a property and business improvement district
7 established pursuant to this part.

8 SEC. 7. Section 36612 of the Streets and Highways Code is
9 amended and renumbered to read:

10 36614. “Property” means real property situated within a district.

11 SEC. 8. Section 36613 of the Streets and Highways Code is
12 amended and renumbered to read:

13 36606. “Activities” means, but is not limited to, all of the
14 following that benefit businesses or real property in the district:

- 15 (a) Promotion of public events.
- 16 (b) Furnishing of music in any public place.
- 17 (c) Promotion of tourism within the district.
- 18 (d) Marketing and economic development, including retail
19 retention and recruitment.
- 20 (e) Providing security, sanitation, graffiti removal, street and
21 sidewalk cleaning, and other municipal services supplemental to
22 those normally provided by the municipality.
- 23 (f) Other services ~~that~~ *provided for the purpose of conferring*
24 *special benefit upon assessed* businesses and real property located
25 in the district.

26 SEC. 9. Section 36614 of the Streets and Highways Code is
27 amended and renumbered to read:

28 36611. “Management district plan” or “plan” means a proposal
29 as defined in Section 36622.

30 SEC. 10. Section 36614.5 of the Streets and Highways Code
31 is amended and renumbered to read:

32 36612. “Owners’ association” means a private nonprofit entity
33 that is under contract with a city to administer or implement
34 improvements, maintenance, and activities specified in the
35 management district plan. An owners’ association may be an
36 existing nonprofit entity or a newly formed nonprofit entity. An
37 owners’ association is a private entity and may not be considered
38 a public entity for any purpose, nor may its board members or staff
39 be considered to be public officials for any purpose.
40 Notwithstanding this section, an owners’ association shall comply

1 with the Ralph M. Brown Act (Chapter 9 (commencing with
 2 Section 54950) of Part 1 of Division 2 of Title 5 of the Government
 3 Code), at all times when matters within the subject matter of the
 4 district are heard, discussed, or deliberated, and with the California
 5 Public Records Act (Chapter 3.5 (commencing with Section 6250)
 6 of Division 7 of Title 1 of the Government Code), for all records
 7 relating to activities of the district.

8 SEC. 11. Section 36614.6 is added to the Streets and Highways
 9 Code, to read:

10 36614.6. “Property-based assessment” means any assessment
 11 made pursuant to this part upon *real* property.

12 SEC. 12. Section 36614.7 is added to the Streets and Highways
 13 Code, to read:

14 36614.7. “Property-based district” means any district in which
 15 a city levies a property-based assessment.

16 SEC. 13. Section 36615.5 is added to the Streets and Highways
 17 Code, to read:

18 36615.5. “Special benefit” means, for purposes of a
 19 property-based district, a particular and distinct benefit over and
 20 above general benefits conferred on real property located in a
 21 ~~property-based district, district or to the public at large, or to other~~
 22 ~~real property large. Special benefit includes incidental, secondary,~~
 23 ~~or collateral effects that arise from the improvements,~~
 24 ~~maintenance, or activities of a property-based district and the~~
 25 ~~incidental secondary or collateral districts even if those incidental,~~
 26 ~~secondary, or collateral effects benefit from those improvements,~~
 27 ~~maintenance, or activities. “Special benefit” property or persons~~
 28 ~~not assessed. Special benefit excludes general enhancement of~~
 29 ~~property value and any “general benefit” as defined in Section~~
 30 ~~36609.5. value.~~

31 SEC. 14. Section 36621 of the Streets and Highways Code is
 32 amended to read:

33 36621. (a) Upon the submission of a written petition, signed
 34 by the property or business owners in the proposed district who
 35 will pay more than 50 percent of the assessments proposed to be
 36 levied, the city council may initiate proceedings to form a district
 37 by the adoption of a resolution expressing its intention to form a
 38 district. The amount of assessment attributable to property or a
 39 business owned by the same property or business owner that is in
 40 excess of 40 percent of the amount of all assessments proposed to

1 be levied, shall not be included in determining whether the petition
2 is signed by property or business owners who will pay more than
3 50 percent of the total amount of assessments proposed to be levied.

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

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

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

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

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

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

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

28 SEC. 15. Section 36622 of the Streets and Highways Code is
29 amended to read:

30 36622. The management district plan shall include, but is not
31 limited to, all of the following:

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

1 determine whether a business is located within the district
2 boundaries.

3 (b) The name of the proposed district.

4 (c) A description of the boundaries of the district, including the
5 boundaries of benefit zones, proposed for establishment or
6 extension in a manner sufficient to identify the affected lands and
7 businesses included. The boundaries of a proposed property
8 assessment district shall not overlap with the boundaries of another
9 existing property assessment district created pursuant to this part.
10 This part does not prohibit the boundaries of a district created
11 pursuant to this part to overlap with other assessment districts
12 established pursuant to other provisions of law, including, but not
13 limited to, the Parking and Business Improvement Area Law of
14 1989 (Part 6 (commencing with Section 36500)). This part does
15 not prohibit the boundaries of a business assessment district created
16 pursuant to this part to overlap with another business assessment
17 district created pursuant to this part. This part does not prohibit
18 the boundaries of a business assessment district created pursuant
19 to this part to overlap with a property assessment district created
20 pursuant to this part.

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

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

38 (f) The proposed source or sources of financing, including the
39 proposed method and basis of levying the assessment in sufficient
40 detail to allow each property or business owner to calculate the

1 amount of the assessment to be levied against his or her property
 2 or business. The plan also shall state whether bonds will be issued
 3 to finance improvements.

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

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

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

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

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

24 (2) In a property-based district, the proportionate special benefit
 25 derived by each identified parcel shall be determined *exclusively*
 26 in relationship to the entirety of the capital cost of a public
 27 improvement, the maintenance and operation expenses of a public
 28 improvement, or the cost of the activities. An assessment shall not
 29 be imposed on any parcel that exceeds the reasonable cost of the
 30 proportional special benefit conferred on that parcel. Only special
 31 benefits are assessable, and a property-based district shall separate
 32 the general ~~benefits~~ *benefits, if any*, from the special benefits
 33 conferred on a parcel. Parcels within a property-based district that
 34 are owned or used by any city, public agency, the State of
 35 California, or the United States shall not be exempt from
 36 assessment unless the governmental entity can demonstrate by
 37 clear and convincing evidence that those publicly owned parcels
 38 in fact receive no special benefit. *The value of any incidental,*
 39 *secondary, or collateral effects that arise from the improvements,*
 40 *maintenance, or activities of a property-based district and that*

1 *benefit property or persons not assessed shall not be deducted*
2 *from the entirety of the cost of any special benefit or affect the*
3 *proportionate special benefit derived by each identified parcel.*

4 ~~(t) In a property-based district, the sum of all special benefits~~
5 ~~to be provided to the properties located within the property-based~~
6 ~~district.~~

7 ~~(m)~~

8 (l) In a property-based district, the total amount of all special
9 benefits to be conferred ~~on~~ upon the properties ~~in~~ located within
10 the property-based district.

11 ~~(n)~~

12 (m) In a property-based district, the total amount of ~~any general~~
13 ~~benefit.~~ *general benefits, if any.*

14 ~~(o)~~

15 (n) In a property-based district, a detailed engineer’s report
16 prepared by a registered professional engineer certified by the
17 State of California supporting all assessments contemplated by the
18 management district plan.

19 ~~(p)~~

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

22 SEC. 16. Section 36624 of the Streets and Highways Code is
23 amended to read:

24 36624. At the conclusion of the public hearing to establish the
25 district, the city council may adopt, revise, change, reduce, or
26 modify the proposed assessment or the type or types of
27 improvements, maintenance, and activities to be funded with the
28 revenues from the assessments. Proposed assessments may only
29 be revised by reducing any or all of them. At the public hearing,
30 the city council may only make changes in, to, or from the
31 boundaries of the proposed property and business improvement
32 district that will exclude territory that will not benefit from the
33 proposed improvements, maintenance, and activities. Any
34 modifications, revisions, reductions, or changes to the proposed
35 assessment district shall be reflected in the notice and map recorded
36 pursuant to Section 36627.

37 SEC. 17. Section 36625 of the Streets and Highways Code is
38 amended to read:

39 36625. (a) If the city council, following the public hearing,
40 decides to establish a proposed property and business improvement

1 district, the city council shall adopt a resolution of formation that
2 shall include, but is not limited to, all of the following:

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

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

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

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

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

23 (6) A statement that the improvements, maintenance, and
24 activities to be conferred on *businesses and properties* in the district
25 will be funded by the levy of the ~~assessments, and, for a~~
26 ~~property-based district, to the extent that general benefits are~~
27 ~~provided, the funding source for those general benefits.~~
28 *assessments*. The revenue from the levy of assessments within a
29 district shall not be used to provide improvements, maintenance,
30 or activities outside the district or for any purpose other than the
31 purposes specified in the resolution of intention, as modified by
32 the city council at the hearing concerning establishment of the
33 district.

34 (7) A finding that the property or businesses within the area of
35 the property and business improvement district will be benefited
36 by the improvements, maintenance, and activities funded by the
37 proposed assessments, and, for a property-based district, that
38 property within the district will receive a special benefit.

1 (8) In a property-based district, the total amount of all special
2 benefits to be conferred on the properties within the property-based
3 district.

4 ~~(9) In a property-based district, the sum of any general benefit.~~

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

9 SEC. 18. Section 36628.5 of the Streets and Highways Code
10 is amended to read:

11 36628.5. The city council may levy assessments on businesses
12 or on property owners, or a combination of the two, pursuant to
13 this part. The city council shall structure the assessments in
14 whatever manner it determines corresponds with the distribution
15 of benefits from the proposed improvements, maintenance, and
16 activities, provided that any property-based assessment ~~is~~
17 ~~proportional to the special benefit conferred on the assessed~~
18 ~~property.~~ *conforms with the requirements set forth in paragraph*
19 *(2) of subdivision (k) of Section 36622.*

20 SEC. 19. Section 36632 of the Streets and Highways Code is
21 amended to read:

22 36632. (a) The assessments levied on real property pursuant
23 to this part shall be levied proportionally to the special benefit
24 conferred on the real property, and shall not exceed the reasonable
25 cost of the proportional special benefit conferred on the real
26 property. Any additional costs of providing general benefits shall
27 not be included in the amounts assessed. The city council may
28 classify properties for purposes of determining the special benefit
29 conferred on property by the improvements, maintenance, and
30 activities conferred pursuant to this part.

31 (b) Assessments levied on businesses pursuant to this part shall
32 be levied on the basis of the estimated benefit to the businesses
33 within the property and business improvement district. The city
34 council may classify businesses for purposes of determining the
35 benefit to the businesses of the improvements, maintenance, and
36 activities conferred pursuant to this part.

37 (c) Properties zoned *solely for no more than four residential*
38 *units that are used solely for residential purposes or zoned for*
39 ~~agricultural use;~~ *use* are presumed *conclusively* not to receive
40 special benefit from the improvements, maintenance, and *service*

1 activities funded through these assessments, and shall not be subject
2 to any assessment pursuant to this part.

3 SEC. 20. Section 36650 of the Streets and Highways Code is
4 amended to read:

5 36650. (a) The owners' association shall cause to be prepared
6 a report for each fiscal year, except the first year, for which
7 assessments are to be levied and collected to pay the costs of the
8 improvements, maintenance, and activities described in the report.
9 The owners' association's first report shall be due after the first
10 year of operation of the district. The report may propose changes,
11 including, but not limited to, the boundaries of the property and
12 business improvement district or any benefit zones within the
13 district, the basis and method of levying the assessments, and any
14 changes in the classification of property, including any categories
15 of business, if a classification is used.

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

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

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

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

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

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

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

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

39 The city council shall not approve a change in the basis and
40 method of levying assessments that would impair an authorized

1 or executed contract to be paid from the revenues derived from
2 the levy of assessments, including any commitment to pay principal
3 and interest on any bonds issued on behalf of the district.

4 SEC. 21. Section 36651 of the Streets and Highways Code is
5 amended to read:

6 36651. The management district plan may, but is not required
7 to, state that an owners' association will provide the improvements,
8 maintenance, and activities described in the management district
9 plan. If the management district plan designates an owners'
10 association, the city shall contract with the designated nonprofit
11 corporation to provide services.

O