California
Fair Political
Practices Commission

October 19, 1987

Honorable Carl Barringer
Honorable Kay Wilson
Councilmembers
City of Santa Paula
970 Ventura Street
Santa Paula, CA 93060

Re: Your Request for Advice
Our File No. A-87-232

Dear Councilmembers Barringer and Wilson:

You have written seeking advice regarding your responsibilities under the conflict of interest provisions of the Political Reform Act (the "Act").[1]

QUESTION

Are you prohibited from participating in decisions relative to formation and implementation of a proposed business improvement area because of your property and business interests within the proposed district?

CONCLUSION

The potential material effect on Councilmember Wilson's financial interests within the proposed improvement area requires disqualification. If the decisions would foreseeably and materially affect Councilmember Barringer's business and property interests, his disqualification is required. We need more information to advise definitively on Councilmember Barringer's possible conflict of interest.

FACTS

The City of Santa Paula has noticed for public comment the possible establishment of a business improvement area in

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1/ Government Code Sections 81000-91015. All statutory references are to the Government Code unless otherwise indicated. Commission regulations appear at 2 California Administrative Code Section 18000, et seq. All references to regulations are to Title 2, Division 6 of the California Administrative Code.

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downtown Santa Paula. Businesses within the boundaries of the proposed area have been classified as professional, service, financial, public utility, retail, exempt/residential and miscellaneous.

The city council has the authority, pursuant to Streets and Highways Code Section 36500, et seq., to impose assessments or charges or both, on businesses within the designated business improvement area. Section 36502 of the Streets and Highways Code defines "business" as all types of business, including professions.

City Council Resolution 3578 declares the intent of the city council to consider creation of a business improvement area. The resolution incorporates by reference a proposed schedule of charges ranging from $5 per year for "home occupations," to $900 per year for retail businesses with $1 million in gross receipts. The resolution also describes the various uses of the proceeds, pursuant to Streets and Highways Code Section 36500:

(1) Decoration of any public place in the area.

(2) Promotion of public events which are to take place on or in public places in the area.

(3) Furnishing of music in any public place in the area.

(4) The general promotion of business activities in the area.

Councilmembers Barringer and Wilson have business and real property interests within the boundaries of the proposed business improvement area. Councilmember Wilson owns a general real estate company in partnership with her husband. The real estate company is located within the proposed business improvement area. The gross commission income for the business is approximately $800,000 per year. She and her husband own the building in which the business is located and the two adjacent parking lots with a combined value of approximately $475,000.

Councilmember Barringer owns a construction business which grosses approximately $185,000 per year. He also owns his place of business, which is a 3,200 sq. ft. unreinforced brick building valued at approximately $135,000. In addition, the councilmember holds less than 10 percent of the outstanding stock in a real estate investment corporation doing business

within the proposed area, from which he receives $10,000 per year in income.

ANALYSIS

The Act prohibits a public official from making, participating in making, or using his or her official position to influence the making of, any governmental decision in which the official has a financial interest. (Section 87100.) An official has a financial interest in a decision if it is reasonably foreseeable that the decision will have a material financial effect, distinguishable from the effect on the public generally, on the official or a member of his or her immediate family, or on:

> (a) Any business entity in which the public official has a direct or indirect investment worth one thousand dollars ($1,000) or more.
>
> (b) Any real property in which the public official has a direct or indirect interest worth one thousand dollars ($1,000) or more.
>
> (c) Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating two hundred fifty dollars ($250) or more in value provided to, received by or promised to the public official within 12 months prior to the time when the decision is made.
>
> (d) Any business entity in which the public official is a director, officer, partner, trustee, employee, or holds any position of management.

Section 87103(a)-(d).

Councilmember Wilson's real estate company is an investment interest and a business interest. Her clients are sources of income to her which could be affected by decisions related to the proposed business improvement area. (Section 82030(a); Regulation 18704.3, copy enclosed.) She also has a real property interest in the building in which the real estate firm is located, and in the adjacent parking lots. If decisions regarding the business improvement area would foreseeably and materially affect any of Councilmember Wilson's economic interests in a manner that is distinguishable from the effect on the public generally, Councilmember Wilson must disqualify herself from participating in those decisions.

Councilmember Barringer has a business interest and an investment interest in his contracting business within the district. The customers of the contracting business are also sources of income to the councilmember. (Section 82030.) Additionally, he has an interest in real property since he owns the building in which his business is located. Finally, his interest in the real estate investment corporation is a source of income of more than $250 in the previous 12 months. If the decisions on the business improvement area would foreseeably and materially affect any of Councilmember Barringer's interests in a manner that is distinguishable from the effect on the public generally, he must disqualify himself from participating in those decisions.

Foreseeability

The effect of a decision is reasonably foreseeable if there is a substantial likelihood that it will occur. Certainty is not required. However, if the effect is a mere possibility, it is not reasonably foreseeable. (In re Thorner (1975) 1 FPPC Ops. 198, copy enclosed.)

We can foresee three distinct financial effects of decisions regarding the business improvement area. First, charges could be levied upon the various businesses in the area to fund the improvements. Second, the businesses could experience increased income as a consequence of the improvements made in the area. Third, property values could increase as a consequence of the improved business climate in the area.

Although we find it is foreseeable that your financial interests will be affected by decisions regarding the business improvement area, it is necessary for the effect to be material in order for disqualification to be required.

Materiality

The effect of a decision is considered material if it is "significant." (Regulation 18702(a).) Regulations 18702 and 18702.2 (copies enclosed) provide guidelines for determining whether the effect of a decision is considered material.

Councilmember Wilson

In Councilmember Wilson's situation, we must analyze the effect of the decisions on her real estate business, her real property interest, and her sources of income. With regard to the effect on the real property, Regulation 18702(b)(2)

provides that the effect of a decision is material if it will increase or decrease:

> (A) The income producing potential of the property by the lesser of:
>
> 1. One thousand dollars ($1,000) per month; or
>
> 2. Five percent per month if the effect is fifty dollars ($50) or more per month; or
>
> (B) The fair market value of the property by the lesser of:
>
> 1. Ten thousand dollars ($10,000); or
>
> 2. One half of one percent if the effect is one thousand dollars ($1,000) or more.

The property owned by Councilmember Wilson has an estimated fair market value of $475,000. Therefore, in order for there to be a material financial effect on the property, the value would have to increase or decrease by at least $2,375.

While it may be difficult to calculate specifically how property values within the proposed improvement area will be affected, it is reasonable to assume that there will be an increase in value. The Commission, in In re Brown (1978) 4 FPPC Ops. 19 (copy enclosed), was faced with a similar situation. The Commission ruled that it was reasonably foreseeable that decisions regarding an improvement district would have financial effects upon the property of two councilmembers:

> The street beautification and parking project is intended to improve the business climate of the downtown area. It is foreseeable that the project will increase the business in the area and as a result increase the income potential and value of downtown commercial properties....
>
> In re Brown, supra, at p. 21.

We believe that the improvements made within the district will result in increased property values in the area. The financial effect of decisions regarding the improvement area on

the value of your parking lots is particularly evident. The improved business climate anticipated by formation of the district will bring about an increased need for parking spaces to accommodate the influx of consumers, thus increasing the value of your property. Moreover, because parking lots are essentially undeveloped property, the potential for realizing increased value is significantly greater than for property already developed. In light of these facts, we find the decisions regarding the proposed improvement area will foreseeably have a material financial effect on your property interests.

Turning now to your business interests, the real estate business is a business investment and a source of income. Regulation 18702.2 (copy enclosed) provides appropriate guidance to measure whether the foreseeable effect of a decision is material. We will assume that the real estate business falls within the provisions of subsection (g) of the regulation:[2]

> (g) For business entities which are not covered by (c), (d), (e) or (f) the effect of a decision will be material if:
>
> > (1) The decision will result in an increase or decrease in the gross revenues for a fiscal year of $10,000 or more; or
> >
> > (2) The decision will result in the business entity incurring or avoiding additional expenses or reducing or eliminating existing expenses for a fiscal year in the amount of $2,500 or more; or
> >
> > (3) The decision will result in an increase or decrease in the value of assets or liabilities of $10,000 or more.

An increase or decrease in gross revenues of $10,000 during the fiscal year would be considered a material effect on your real estate business. We do not have sufficient facts to advise whether you have a conflict of interest based on the

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[2] Regulation 18702.2(g) generally applies to small businesses which have not qualified for public sale in California. If your real estate business is not in this category of businesses, please contact us for additional assistance.

potential effect on your real estate business. You must make a reasonable prediction regarding possible increased business to the real estate firm, or increased commissions to the firm as a result of increased property values resulting from the business improvement activities.

The fees which could be assessed to fund the area improvements would be an effect on the expenses of your business. In order for such an effect to be material it would have to amount to $2,500 in a fiscal year. The proposed fee structure you provided to us indicates that your real estate business would be assessed at a level far below the $2,500 threshold. Thus, we don't see any conflict based on this potential financial effect.

Additionally, because you and your husband are the sole owners of the real estate business, your clients are sources of income to you. You would be required to disqualify from participating in decisions having a material financial effect on clients of the real estate business who have paid $250 or more to your business within 12 months of the decision regarding the improvement area.

Councilmember Barringer

In the case of Councilmember Barringer the same regulations and calculations apply. Your property has an estimated fair market value of $135,000. Therefore, in order for there to be a material financial effect on the property, the value would have to increase or decrease by at least $1,000.

The holding in In re Brown, supra, is equally applicable to the property interests you have within the boundaries of the improvement area. Unlike some of Councilmember Wilson's real property, your property is developed. We believe the anticipated improvements will increase your property values. However, due to the absence of clear evidence regarding the degree of increased property value, we stop short of concluding that you definitely have a conflict of interest based on a material financial effect on your property interest. You are in a better position than we to judge the effect of the decisions on your real property.

As relates to your business interests within the proposed improvement area, Regulation 18702.2(g) would presumably be the applicable standard for your contracting business. Thus, an increase or decrease in gross revenues of $10,000 as a consequence of creation of the district would be considered a material effect. Additionally, you would be required to

disqualify from participation in decisions having a material effect on clients of the contracting business who have paid $250 or more to the business within the last 12 months. To determine the financial effect, therefore, you would have to make a reasonable prediction regarding possible increased business to the contracting firm or to its clients, as a consequence of the improvements made within the area.

As was noted previously, the proposed fee assessment would constitute an increase in business expenses. However, the $120 annual fee projected for businesses listed in the category applicable to your contracting business does not amount to a material financial effect on your business.

The real estate investment corporation in which you have an interest may also be affected by the decisions regarding the improvement area. Because the corporation is a source of income to you we must, once again, apply Regulation 18702.2 to measure whether a material effect is foreseeable. We understand that the corporation is listed on the New York Stock Exchange, invoking the provisions of subsection (c) of the regulation:

> (c) The effect of a decision on any business entity listed on the New York Stock Exchange or the American Stock Exchange will be material if:
>
> > (1) The decision will result in an increase or decrease to the gross revenues for a fiscal year of $250,000 or more, except in the case of any business entity listed in the most recently published Fortune Magazine Directory of the 500 largest U.S. industrial corporations or the 500 largest U.S. nonindustrial corporations, in which case the increase or decrease in gross revenues must be $1,000,000 or more; or
> >
> > (2) The decision will result in the business entity incurring or avoiding additional expenses or reducing or eliminating existing expenses for a fiscal year in the amount of $100,000 or more, except in the case of any business entity listed in the most recently published Fortune Magazine Directory of the 500 largest U.S. industrial corporations or the 500 largest U.S. nonindustrial corporations, in which case the increase or decrease in expenditures must be $250,000 or more; or

> (3) The decision will result in an increase or decrease in the value of assets or liabilities of $250,000 or more, except in the case of any business entity listed in the most recently published Fortune Magazine Directory of the 500 largest U.S. industrial corporations or the 500 largest U.S. nonindustrial corporations, in which case the increase or decrease in assets or liabilities must be $1,000,000 or more.

Applying these standards, we do not foresee a material financial effect on the corporation as a result of a decision regarding the proposed improvement area.

Public Generally

Even if decisions regarding the business improvement area would have a material financial effect on your interests, your disqualification from these decisions is required only if the effects on your interests are distinguishable from the effect upon the public generally. (Section 87103.)

For the "public generally" exception to apply, a decision must affect the official's interests in substantially the same manner as it will affect a significant segment of the public. (Regulation 18703.) For purposes of your question, the "public" is the population of the City of Santa Paula because that is the jurisdiction of the city council. (See In re Owen (1976) 2 FPPC Ops. 77, 81, copy enclosed.)

The decisions concerning the formation of the business improvement district would directly affect approximately 20 to 25 percent of the businesses in the city. Although you note that the primary effort of the improvement area will be toward retail development in the downtown area, it is reasonable to assume that all businesses in the area will benefit from a more pleasant environment.

In In re Owen, supra, the Commission held that commercial property owners do not constitute a significant segment of the public. The Owen case involved a "core area" project in downtown Davis. Relying in part on Owen, the Commission later held that decisions affecting less than 50 percent of the commercial property owners within the City of San Clemente could not be considered a significant segment of the public. (See In re Brown, supra, at page 23.)

The 350 businesses in the downtown area constitute fewer than 25 percent of the businesses in Santa Paula. It is

reasonable to assume that the number of commercial property owners is even fewer than the number of businesses in the district. Since both councilmembers are owners of commercial property within the proposed area, we find that the effect on their interests is distinguishable from the effect on the public generally. Thus, the "public generally" exception does not apply. Should it be determined that there will be a material financial effect on your real property or business interests you must both disqualify yourselves from participating in decisions concerning the formation and implementation of the business improvement area.

In summary, we conclude that it is reasonably foreseeable that the decisions of the city council will have a material financial effect on Councilmember Wilson's real property interests within the proposed business improvement area, and as a consequence she must disqualify herself from participating in any action relating to the proposed area. There may also be a material financial effect upon the Councilmember's real estate business and its clients, but we need not resolve this question because of the convincing evidence of material financial effect on the real property.

It is reasonably foreseeable that the decisions regarding the proposed business improvement area will have a financial effect on Councilmember Barringer's real property and business interests within the area. However, we have insufficient information to be able to conclude that the effect will be material. The councilmember must first address the questions regarding increased property value, increased business income, and effects on clients within the proposed area. This information must then be analyzed in light of the guidelines provided by Commission regulations, to determine whether or not he has a conflict of interest.

If you have any questions regarding this response to your request, please contact me at (916) 322-5901.

Sincerely,

Diane M. Griffiths
General Counsel

By: Lilly Spitz
Counsel, Legal Division

DMG:LS:plh
Enclosures

City of Santa Paula

970 VENTURA STREET
SANTA PAULA, CALIFORNIA 93060
Mailing Address: P.O. BOX 569
Phone: 805 525-4478

September 2, 1987

Fair Political Practices Commission
428 "J" Street, Suite 800
Sacramento, CA 95814

Attention: Legal Department

Gentlemen:

The City Council of the City of Santa Paula has established October 19, 1987 as the date for a public hearing to receive input on the possible formation of a Business Improvement Area. Establishment of this area is pursuant to Section 36521 of the Streets and Highways Code of the State of California. Two members of the Council have businesses located within the boundaries of the proposed district.

A telephone check with your office resulted in correspondence being forwarded to our City Clerk and a verbal opinion that the two members with businesses located in the area would be ineligible to take part in the discussion or vote on either the resolution setting the public hearing or an ordinance inacting the area. After careful review on our part, we questioned whether any benefits directly or even indirectly will accrue to our businesses (real estate and contracting) as a result of creation of this area. The primary goal of the district is to improve retail business conditions and professional firms are assessed at a lower rate than general retail business. The most direct benefit that could result to our businesses is if we were to vote with a majority against the proposed district since this would save us the $200 to $300 annual assessment.

We would appreciate a written opinion from your office regarding our ability to vote on this most important matter as quickly as possible. If we can provide any additional information, please do not hesitate to contact us.

Very truly yours,

Carl Barringer, Councilmember

Kay Wilson, Councilmember

CB:KW:gjj

California
Fair Political
Practices Commission

September 9, 1987

Carl Barringer
Kay Wilson
City Councilmembers
P. O. Box 569
Santa Paula, CA 93060

Re: 87-232

Dear Mr. Barringer & Ms. Wilson:

Your letter requesting advice under the Political Reform Act was received on September 8, 1987 by the Fair Political Practices Commission. If you have any questions about your advice request, you may contact Lilly Spitz, an attorney in the Legal Division, directly at (916) 322-5901.

We try to answer all advice requests promptly. Therefore, unless your request poses particularly complex legal questions, or more information is needed, you should expect a response within 21 working days if your request seeks formal written advice. If more information is needed, the person assigned to prepare a response to your request will contact you shortly to advise you as to information needed. If your request is for informal assistance, we will answer it as quickly as we can. (See Commission Regulation 18329 (2 Cal. Adm. Code Sec. 18329).)

You also should be aware that your letter and our response are public records which may be disclosed to the public upon receipt of a proper request for disclosure.

Very truly yours,

Diane M. Griffiths
General Counsel

DMG:plh

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City of Santa Paula

970 VENTURA STREET
SANTA PAULA, CALIFORNIA 93060
Mailing Address: P.O. BOX 569
Phone: 805 525-4478

September 21, 1987

Ms. Lilly Spiz
Fair Political Practices Commission
428 "J" Street, Suite 300
Sacramento, CA 95814

Dear Ms. Spiz:

Per our telephone conversation of Mon[illegible] am forwarding to you a copy of the resolution setting the public hearing for the proposed Business Improvement Area in Santa Paula along with a copy of the various appendices including the rate structure. The number of businesses in each classification is written in the right hand margin of Exhibit "B". There is a total of 350 businesses.

The two councilmembers involved in the item are Mr. Carl Barringer, a contractor whose firm is classified as Miscellaneous and Ms. Kay Wilson, whose real estate firm is classified as Service. I am also enclosing copies of letters from both Mr. Barringer and Ms. Wilson regarding their financial interests in their businesses and the buildings they occupy.

The charges will yield approximately $65,000 from the businesses in the Business Improvement Area. The businesses involved represent approximately 20-25% of the total business licenses issued by the City. These 350 businesses are concentrated in the downtown area. Based on the goals and objectives provided to the City by the group requesting the Business Improvement Area, the primary effort will be toward retail development in the downtown area.

I hope this information will answer most of the questions which you raised and if I can provide any additional information, please do not hesitate to contact me.

Sincerely,

Bob Livingston
City Administrator

BL:gjj

Enclosures

cc: City Council

City of Santa Paula

970 VENTURA STREET
SANTA PAULA, CALIFORNIA 93060
Mailing Address: P.O. BOX 569
Phone: 805 525-4478

SEP 24 4 03 PM '87

September 22, 1987

Ms. Lilly Spiz
Fair Political Practices Commission
428 "J" Street, Suite 300
Sacramento, CA 95814

Dear Ms. Spiz:

I have been a councilman since 1982 and am in business for myself in construction at 216 N. 8th Street. It is 2-1/2 blocks from Main Street and barely within the designated district. It is a 3200 sq. ft. unreinforced brick building built in 1926. The aproximate value is $135,000. Our proposed fee in the BIA is $120 per year.

The annual business license fee paid to the City of Santa Paula is based on a gross commission figure of $185,000 and our license fee is $65.00.

Considering all the factors above, I believe my interest is negligible (considering the overall value of the district).

Yours very truly,

Carl Barringer

CB:gjj

City of Santa Paula

970 VENTURA STREET
SANTA PAULA, CALIFORNIA 93060
Mailing Address P O BOX 569
Phone: 805 525-4478

September 21, 1987

Ms. Lilly Spiz
Fair Political Practices Commission
428 "J" Street, Suite 300
Sacramento, CA 95814

Dear Ms. Spiz:

In response to your request for information relative to my financial interest in the proposed Business Improvement District, my husband and I own Cal-West Real Estate/Better Homes and Gardens, a general real estate company, and we are located at 123 N. 10th Street in Santa Paula.

As proposed, we are a Service company in Zone One, and our assessment would be $200 per year. We own the building and two adjacent parking lots with a total value of approximately $475,000. This parcel constitutes the only holdings that we have within the proposed district.

Our annual business license fee paid to the City of Santa Paula is based on a gross commission figure of $800,000 and our license fee is $200.

Please contact me if you need additional information.

Sincerely,

Kay Wilson

Kay Wilson

KW:gjj

RESOLUTION NO. 3578

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA PAULA DECLARING ITS INTENTION TO ESTABLISH A CITY BUSINESS IMPROVEMENT AREA IN THE CITY OF SANTA PAULA.

THE CITY COUNCIL OF THE CITY OF SANTA PAULA DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. That the City Council of the City of SANTA PAULA hereby finds, determines, and declares as follows:

(a) Pursuant to Section 36500 et seq. of the Streets and Highways Code of the State of California, the City Council hereby declares its intention to consider the creation of a Business Improvement Area (hereafter "Area"); and

(b) That it is proposed to include all of the real property within the boundaries as described in Exhibit "A", attached hereto and incorporated herein by this reference; and

(c) That a public hearing concerning the formation of said proposed Area will be held on Monday, October 19, 1987 at 7:30 p.m., or as soon thereafter as the matter can be heard, in the City Council Chambers of the City Hall of the City of Santa Paula located at 970 Ventura St., Santa Paula, California ; and

(d) A description of the proposed schedule of charges is set forth in Exhibit "B", attached hereto and incorporated herein by this reference; and

(e) The proposed uses of the revenues derived from charges imposed in such Area are as follows:

(1) decoration of any public place in the area;

(2) promotion of the public events which are to take place on or in public places in the area;

(3) furnishing of music in any public place in the area; and

(4) the general promotion of business activities in the area.

LB Maulonal

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SECTION 2. That the City Clerk shall certify the adoption of this Resolution, cause the same to be published in the manner prescribed by law, and shall mail a complete copy of this Resolution to each person owning or operating a business which is located in the proposed area described on Exhibit "A".

PASSED and ADOPTED this 31st of August, 1987

MAYOR of SANTA PAULA

ATTEST:

CLERK, CITY of SANTA PAULA

CITY OF SANTA PAULA INCORPORATED APRIL 22, 1902 VENTURA CO. CAL.

STATE OF CALIFORNIA)
COUNTY OF VENTURA)
CITY OF SANTA PAULA)

I, STACEY B. MacDONALD, City Clerk of the City of Santa Paula, do hereby certify that the above and foregoing Resolution was duly passed and adopted by the Council of said City at an ijourned regular meeting thereof held on the 31st day of August, 1987, by the following vote, to wit:

AYES: Councilmembers Maland, Melton and Mayor Escoto

NOES:
ABSTENTIONS: Councilmembers Wilson and Barringer
ABSENT:

IN WITNESS WHEREOF, I hereunto set my hand and affixed the official seal of the City this 2nd day of September, 1987.

CITY OF SANTA PAULA INCORPORATED APRIL 22, 1902 VENTURA CO. CAL.

STACEY B. MacDonald
Clerk, City of Santa Paula

EXHIBIT "A"

BUSINESS IMPROVEMENT AREA

All that land contained within any parcel which lies wholly or partly within the following described boundary:

In the City of Santa Paula, California, beginning at the intersection of the centerlines of Santa Barbara St. and 4th St., thence;

1. Southerly along said centerline of 4th St. to the centerline of Main St., thence;

2. Easterly along said centerline of Main St. to the centerline of the southerly continuation of 4th St., thence;

3. Southerly along said centerline of 4th St., to a line parallel to and thirty (30) feet southerly of the south line of Main St., thence;

4. Easterly on said parallel line to a line parallel to and one foot westerly of the west line of 7th St., thence;

5. Southerly on said line parallel to 7th St. to a line parallel to and one foot southerly of the south line of Ventura St., thence;

6. Easterly on said line parallel to Ventura St. to a line parallel to and one foot easterly of the east line of 12th St., thence;

7. Northerly on said line parallel to 12th St. to the northerly line of the right-of-way of the Southern Pacific Railroad, thence;

8. Westerly along said northerly right-of-way line to the centerline of 10th St., thence;

9. Continuing westerly along the southerly line of Railroad Ave. to the centerline of 8th St., thence;

10. Continuing westerly along a line parallel to and 200 feet northerly of the north line of Santa Barbara St. to the northerly prolongation of the centerline of 4th St., thence;

11. Southerly along said centerline prolongation to the point of beginning.

Excluding therefrom all public street rights-of-way.

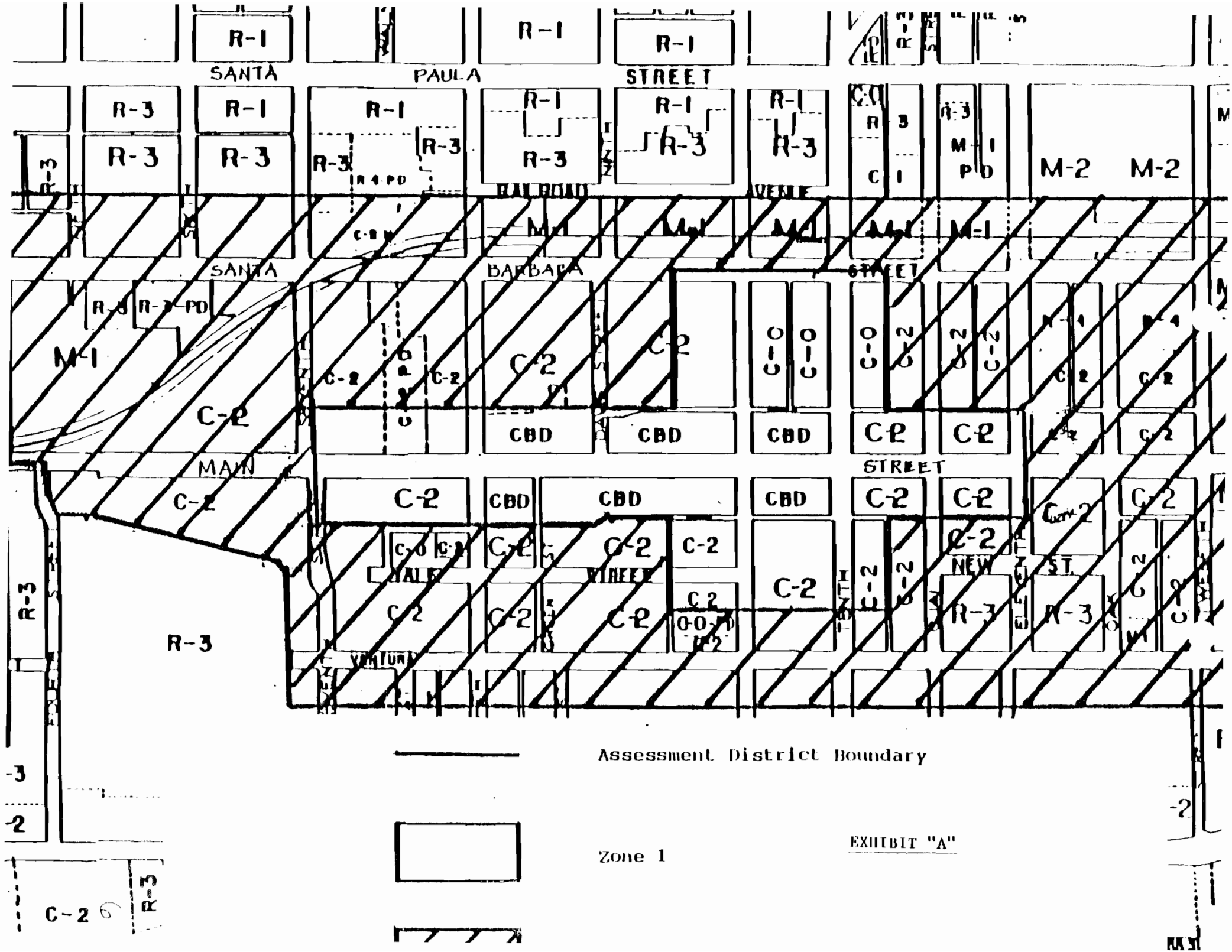
SANTA PAULA STREET
RAILROAD AVENUE
SANTA BARBARA STREET
MAIN STREET
HALL STREET
VENTURA
NEW ST.
R-1
R-3
M-1
M-2
C-2
CBD
Assessment District Boundary
Zone 1

EXHIBIT "A"

EXHIBIT "B"

SANTA PAULA BUSINESS IMPROVEMENT AREA

SCHEDULE OF CHARGES

The schedule of charges is designed to generate income from the businesses within the boundaries of the Business Improvement Area. Charges are related to the benefits derived from the program of activities by each classification of business. Zone 1 is the area of primary benefit and Zone 2 is the area of lesser benefit. Zone 1 shall include all parcels fronting on the following streets:

1. Main Street between Seventh Street and Eleventh Street.

2. Mill Street between Santa Barbara Street and a line parallel to and 140 feet northerly of the north line of Ventura Street.

3. Tenth Street between Santa Barbara Street and a line parallel to and 140 feet northerly of the north line of Ventura Street.

4. Yale Street between Mill Street and an alley parallel to and 230 feet westerly of Mill Street.

5. The southerly side of Santa Barbara Street between Mill Street and Tenth Street.

Zone 2 includes all properties as described in exhibit "A" with the exception of Zone 1 described above.

Businesses within the boundaries of the proposed area have been classified as Professional, Service, Miscellaneous, Financial, Public Utility, Retail and Exempt.

Businesses classified as Professional include, but are not limited to, Accountants, Architects, Attorneys, Chiropractors, Dentists, Engineers, Interior Designers, Optometrists, Osteopaths, Physicians, Surgeons, Veterinarians. (50)

Businesses classified as Service include, but are not limited to, Barber Shops, Beauty Shops, Copy Shops, Employment Agencies, Funeral Homes, Insurance Firms, Newspapers, Photographer Studios, Radio & TV Repair, Real Estate Firms, Rooming Houses, Service Stations, Shoe Repair, Tax Service, Travel Agencies, Vehicle Repair. (112)

Businesses classified as Miscellaneous include, but are not limited to, Contractors, Industrial Uses, Manufacturers, Print Shops, Wholesalers, Home Occupations, Income Housing Units. (34)

Businesses classified as Financial include, but are not limited to, Banks, Savings & Loans, Finance Companies, Credit Unions. (7)

Businesses classified as Public Utility include, but are not limited to, Electric, Gas, Telephone and Water Companies. (5)

Businesses classified as Retail include, but are not limited to, Auto & Truck Sales, Bakeries, Beauty Supplies, Book Stores, Department Stores, Florists, Food Markets, Furniture Stores, Hardware Stores, Hotels & Motels, Jewelry Stores, Men's & Women's Clothing, Paint Stores, Photo Stores, Radio & Television Sales, Restaurants & Bars, Theatres and all other businesses engaged in the selling of any goods, wares or merchandise at retail. (100)

Businesses classified as Exempt include, but are not limited to, Charitable/Non Profit Organizations as exempted by Internal Revenue Service.

HOME OCCUPATION (13)
INCOME HOUSING (29)
TOTAL 350

All businesses classified as Professional will be charged at the following rates:

Zone 1 - One Hundred Eighty Dollars ($180.00) per year.
Zone 2 - One Hundred Fifty Dollars ($150.00) per year.

All businesses classified as Service will be charged at the following rates:

Zone 1 - Two Hundred Dollars ($200.00) per year.
Zone 2 - One Hundred Eighty Dollars ($180.00) per year.

All businesses classified as Miscellaneous will be charged at the following rates excepting Home Occupations and Income Housing Units:

Zone 1 - One Hundred Fifty Dollars ($150.00) per year.
Zone 2 - One Hundred Twenty Dollars ($120.00) per year.

Home Occupations shall be charged as follows:

Zone 1 - $5.00 per year regardless of number of licenses.
Zone 2 - $5.00 per year regardless of number of licenses.

Income Housing Units shall be charged as follows:

Zone 1 - $5.00 per year, per licensee.
Zone 2 - $5.00 per year, per licensee.

All businesses classified as Financial will be charged at the following rates:

Zone 1 - Six Hundred Dollars ($600.00) per year.
Zone 2 - Five Hundred Dollars ($500.00) per year.

All businesses classified as Public Utility will be charged at the following rates:

Zone 1 - Three Hundred Fifty Dollars ($350.00) per year.
Zone 2 - Two Hundred Dollars ($200.00) per year.

All businesses classified at Retail will pay an annual charge based on the following gross receipts schedule.

			Zone 1	Zone 2
	Less Than	$ 50,000.	$200.00	$180.00
$ 50,000.	" "	100,000.	220.00	200.00
$ 100,000.	" "	150,000.	240.00	220.00
$ 150,000.	" "	200,000.	280.00	260.00
$ 200,000.	" "	250,000.	320.00	300.00
$ 250,000.	" "	300,000.	380.00	360.00
$ 300,000.	" "	350,000.	440.00	420.00
$ 350,000.	" "	400,000.	500.00	440.00
$ 400,000.	" "	500,000.	600.00	525.00
$ 500,000.	" "	750,000.	700.00	600.00
$ 750,000.	" "	1,000,000.	800.00	675.00
$1,000,000. and above			900.00	750.00