

At our recent discussions, the idea of establishing a 501(c)(3) parallel foundation to support DRP's non-profit work has come up. I've done some initial research and wanted to share what I've found ahead of our next meeting, so we can have an informed conversation about whether to explore this further.

The short answer: yes, a parallel 501(c)(3) is a well-established and doable structure for California PBIDs. Other downtown organizations have done this for exactly the reasons we're considering — opening access to tax-deductible donations, foundation grants, and government funding programs that 501(c)(6) organizations like ours cannot tap.

As a 501(c)(6), the DRP can do its core assessment-funded work effectively, but two limitations cap our growth: donations to us are not tax-deductible, and most private foundations and many government grant programs cannot fund a (c)(6). A parallel 501(c)(3) addresses both, opening new funding streams for charitable, educational, and place-based work that complements — rather than replaces — our assessment revenue.

Downtown Sacramento Foundation (our closest comparable). The Downtown Sacramento Partnership operates a PBID just like ours; the Downtown Sacramento Foundation is their parallel 501(c)(3), formed in 2011. It reported \$292K in revenue and \$517K in total assets in 2024, and runs high-profile programs like Calling All Dreamers (a retail business incubator), the Old Sacramento Waterfront Iconic Sign, Spirit Wings public art on K Street, and the Chinatown Square Illumination Project. Its public mission is: "to foster civic pride and enhance the quality of life by generating additional sources of funds to support the improvement of the social, physical and cultural environment of downtown Sacramento."

<https://www.downtownsac.org/about/downtown-sacramento-foundation/>

San Jose Downtown Foundation. The San Jose Downtown Association manages their PBID; the San Jose Downtown Foundation is their parallel 501(c)(3). They've taken a more focused approach, concentrating on arts and youth programming — their flagship Downtown Doors program turns utility boxes and blank doors into public art created by high school students, including students from Title I schools. They reported \$40K in revenue and \$117K in total assets in 2024.

<https://sjdowntown.com/foundation/>

Downtown Chico. Chico operates the Downtown Chico Business Association alongside their PBID. In December 2022, DCBA's Finance Committee formally recommended adding a 501(c)(3) as part of a three-part restructuring: (1) a formal operating agreement with their PBID, (2) a city operating agreement, and (3) the 501(c)(3) for fund development flexibility.

They are a useful example of the strategic framing — they didn't form the foundation in a vacuum but paired it with specific operating goals.

<https://www.downtownchico.com/about-us.htm> (DCBA)

<https://www.pbid-downtownchico.com/> (Chico PBID)

The Sacramento example is the most directly relevant. They've operated this exact structure for 14 years, the Foundation has executed visible high-profile projects, and they are a peer organization our board may already have relationships with.

For a public-facing mission statement, I'd suggest:

"The Downtown Roseville Foundation supports the preservation, revitalization, and cultural vitality of historic downtown Roseville as a thriving, welcoming public gathering place for all who live, work, and visit our community."

- Names public beneficiaries ("all who live, work, and visit") rather than assessed property owners or member businesses
- Anchors to charitable and educational purposes the IRS recognizes — specifically combating community deterioration and lessening burdens of government
- Uses place-based identity (geographic charities are well-established and permissible)
- Stands independently of the DRP brand so the Foundation can persist if the PBID's status changes

For next steps we should discuss and revisit the idea with the attorney with examples shown above, and initial coordination with the City. We would then return to the full board with a complete recommendation.

No action is requested now beyond discussion.