



DATE: October 1, 2019

CATEGORY: Public Hearing

DEPT.: Community Development

TITLE: **Public Hearing on Downtown Business Improvement Areas**

RECOMMENDATION

1. Hold a public hearing on the Downtown Business Improvement Areas.
2. Preliminarily approve the Central Business Association Annual Report.
3. Adopt a Resolution of the City Council Declaring Its Intention to Levy Assessments for the Downtown Mountain View Business Improvement Area No. 1, to be read in title only, further reading waived, and set a public hearing date of November 5, 2019 (Attachment 1 to the Council report).
4. Adopt a Resolution of the City Council Declaring Its Intention to Levy Assessments for the Downtown Mountain View Business Improvement Area No. 2, to be read in title only, further reading waived, and set a public hearing date of November 5, 2019 (Attachment 2 to the Council report).

BACKGROUND

A business improvement area (BIA) is a common way to generate funds to promote a downtown. BIAs require each business in the area to pay a BIA fee, in addition to the business license fee. The amount of BIA fee that each business pays varies by type, size, and/or location of business. State law requires that BIA fees be used for advertising, promotions, special events, or other activities that promote the designated business area. The fees can either be used by the jurisdiction or allocated to an appropriate organization, such as a business association or chamber of commerce. BIAs are usually formed by a business association or chamber of commerce, given the interest of such organizations to support a business district.

Mountain View has two BIAs (Attachment 3), both originally created by the downtown businesses and Central Business Association (CBA), with revenues historically allocated

to the CBA. The 1983 Business Improvement Area, BIA No. 1, includes the entire length of Castro Street (West Evelyn Avenue to El Camino Real) and some side streets. BIA No. 1 fees are based upon type of business, specifically restaurant, retail, and professional (i.e., office). In 1991, the CBA recommended, and the City Council approved, the formation of the second area when the CBA identified the need to increase BIA revenues in 1991. BIA No. 2 includes a smaller area in the 100, 200, and 300 blocks of Castro Street, is geographically contained entirely within BIA No. 1, and the fees are based upon type of business (restaurant, retail, and professional) and size of business in square feet. Both BIAs serve the same purpose of supporting the downtown businesses, but were enacted under different State enabling legislation. BIA No. 1 was created under the Parking and Business Improvement Area Law of 1979. The 1979 BIA Law was replaced by a 1989 law, under which was created BIA No. 2. The rationale for the boundaries of BIA No. 2 is that this area receives the most benefit from CBA events and promotions. Businesses within both BIAs pay both fees.

ANALYSIS

The CBA estimates the two BIAs will generate \$41,975 in assessment revenues (\$32,550 for BIA No. 1 and \$9,425 for BIA No. 2) in 2020. The CBA does not propose an increase or change in this year's BIA assessment, including the assessment rate/methodology. Under State law, both areas require two public hearings (the public hearing is scheduled for November 5, 2019) in order to adopt fees and authorize expenditure of funds.

For the public hearing on October 1, 2019, the City Council is being asked to discuss the proposed programming the BIAs should fund, to receive any comments or other input from members of the public, to preliminarily approve the report submitted by the CBA (Attachment 4), and to set November 5, 2019 for the second public hearing. The CBA report identifies businesses within the BIAs, their proposed assessment, and the CBA's recommendations for how it plans to use the revenue for downtown promotions and activities for 2020 (see below for a summary). The City Council may also identify any additional information it would like available. At the November 5, 2019 second public hearing, the City Council will be asked to review and give final approval to the CBA report, levy the assessments, and allocate the 2019 funds from both areas to the CBA. After the City Council takes final action, BIA fee amounts are included with the business license renewal notices and will be sent in January to the businesses located within the BIA boundaries.

The CBA's primary role is to utilize BIA funds for marketing, promotional events, and continue to expand its business advocacy role in supporting the downtown. The CBA

continues to sponsor the 23rd annual A La Carte and Art event. The CBA also continues several marketing programs, including a downtown guide, website (<http://mountainviewdowntown.com>), and social media site (Facebook—Mountain View Central Business Association) to help downtown businesses establish or expand their marketing presence online.

Note that the CBA is undergoing a leadership transition due to the recent departure of the Executive Director. As such, A La Carte and Art will not take place and the CBA Board of Directors will focus on developing a new work plan and goals and reviewing operational needs (i.e., office space). This includes increasing the number of businesses on the Board of Directors, exploring staffing options ranging from a full-time staff person to consultants, and long-term funding options (i.e., events and partnerships) to supplement the BIA funding. In the interim, the Board of Directors will implement the duties of the Director and work with the Chamber of Commerce (Chamber) and City on potential partnerships (i.e., combining the Chamber's city guide with the downtown guide). The CBA will also continue to provide a downtown guide, enhance the website, and continue to use social media as a way to promote downtown Mountain View. The new work plan and goals will be completed by the end of 2020, before the renewal of the BIAs for 2021.

FISCAL IMPACT

The CBA projects revenues from the two areas to be \$32,550 for BIA No. 1 and \$9,425 for BIA No. 2, but they are fully allocated to the CBA for a variety of activities, including downtown promotions, business advocacy, and event planning. The assessments for both areas are added to the business license fee and are due with the renewal of the business licenses in January. Staff works with the CBA to ensure that businesses within the area pay their BIA fees, and in September, letters were sent to new businesses that had not yet paid their business license fee.

ALTERNATIVES

1. Do not preliminarily approve the CBA report and do not set November 5, 2019 for the second public hearing. If the report from the CBA is not preliminarily approved and the resolutions are not adopted, the BIAs' fees would not be levied and there would be no funds for 2020 from either areas to be allocated to the CBA. The CBA would need to seek new funding or reduce its programming.
2. Provide other direction.

PUBLIC NOTICING

The renewal of the annual BIAs was discussed and recommended for Council approval at the September 10, 2019 Downtown Committee meeting. Notice of this public meeting was included in the standard Council agenda notice and posting procedures. Notice of the public meeting and hearing was mailed to all businesses in the two areas, will appear in a flyer the CBA distributes to every downtown business, and published in the *San Jose Post Record* – the official record for the City of Mountain View.

Prepared by:

Tiffany Chew
Business Development Specialist

Wayne Chen
Assistant Community
Development Director

Approved by:

Aarti Shrivastava
Assistant City Manager/
Community Development Director

Daniel H. Rich
City Manager

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Attachments: 1. Resolution of Intention to Levy Assessments for BIA No. 1
2. Resolution of Intention to Levy Assessments for BIA No. 2
3. Business Improvement Area Map
4. Business Improvement Area Annual Report 2019

cc: Central Business Association