



COUNCIL REPORT

DATE: October 11, 2022

CATEGORY: Public Hearing

DEPT.: Community Development

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

RECOMMENDATION

1. Approve the Mountain View Chamber of Commerce Annual Report.
2. Adopt a Resolution of the City Council of the City of Mountain View Declaring Its Intent to Levy an Annual Assessment for Calendar Year 2023 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 15, 2022 (Attachment 1 to the Council report).
3. Adopt a Resolution of the City Council of the City of Mountain View Declaring Its Intent to Levy an Assessment for Calendar Year 2023 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 15, 2022 (Attachment 2 to the Council report).

BACKGROUND

A business improvement area (BIA) is a common way to generate funds to promote a downtown area. 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 the type, size, and/or location of the 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, historically organized as the Central Business Association and, later, the Downtown Business Association (DBA), with revenues allocated to them. The 1983 Business Improvement Area, BIA No. 1, includes the entire length of Castro Street (from West Evelyn Avenue to El Camino Real) and some side streets. BIA No. 1 fees are based upon the type of business, specifically restaurant, retail, and professional (i.e., office). In 1991, the DBA recommended, and

the City Council approved, the formation of a second BIA when the DBA identified the need to increase BIA revenues. BIA No. 2 includes a smaller area in the 100, 200, and 300 blocks of Castro Street (which includes the blocks of Castro Street from West Evelyn Avenue to California Street) and is geographically contained entirely within BIA No. 1. The rationale for the boundaries of BIA No. 2 is that this area receives the most benefit from the resources provided the BIA. BIA No. 2 fees are based upon the type of business (restaurant, retail, and professional) and size of business in square feet. On May 25, 2021, the City Council appointed the Mountain View Chamber of Commerce (Chamber) as the advisory board for both BIAs and to receive and manage both BIAs and their revenues.

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 BIA No. 2 was created. Businesses located within both BIAs pay both fees.

ANALYSIS

Under State law, both BIAs require an annual public meeting and public hearing to levy assessments and authorize expenditure of funds. The Chamber estimates the two BIAs will generate \$40,675 in assessment revenues (\$31,000 for BIA No. 1 and \$9,675 for BIA No. 2) in 2023. The Chamber does not propose an increase or change in this year's BIA assessment, including the assessment rate or methodology.

For the public meeting on October 11, 2022, the City Council is asked to review the proposed programming the BIAs should fund, receive any comments or other input from members of the public, preliminarily approve the annual report submitted by the Chamber (Attachment 4), and set November 15, 2022 as the date of the public hearing. The Chamber report identifies businesses within the BIAs, their proposed assessment, and recommendations for how the Chamber plans to use the revenue for downtown promotions and activities for 2023 (see below for a summary). The City Council may also identify additional information it would like to be available.

At the public hearing on November 15, 2022, the City Council will be asked to review and give final approval to the Chamber report, levy the assessments, and allocate the 2023 funds from both BIAs to the Chamber. 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 Chamber's primary role is to provide staffing support and manage an advisory group, which is part of the Chamber and will continue to be known as the Downtown Business Association. The advisory group will provide recommendations to the Chamber regarding utilization of BIA funds for purposes, including marketing and promotional events in downtown, and expanding its

business advocacy role in supporting the downtown area. The Chamber will officially carry out these activities as the appointed body. While 2022 focused on the transition of downtown business support from the former DBA to the Chamber, some highlights of the 2022 accomplishments include:

- Launched a new Universal Gift Card program that is essentially cost-free to businesses and integrates easily with their existing point-of-sale operations. Eighteen (18) businesses (of which 10 are downtown) are currently participating with positive redemption rates, and one local developer has purchased large quantities of the card to use as welcome gifts for new tenants.
- Redesigned the Art and Wine Festival to make restaurants in the 100 to 300 blocks a deliberate and highlighted component of the event, including promotion, inclusion in signage and wayfinding tools, and offering of special menus.
- Effectively integrated downtown merchants into other major events and activities (such as the Tech Showcase and the Multicultural Festival) with coupons, goodie bag inserts, and signage.
- Successfully gave merchants the opportunity to participate in the 50th Art and Wine Festival and be promoted on the website and app. Nine merchants participated.
- Researched and executed new events and promotions, including holiday-themed activities, such as Halloween on Castro, Elf on a Shelf (December), and Valentine's Day.
- Launched Artists Mountain View at Red Rock Coffee to promote aspiring local artists, facilitate opportunities for public display, and bring more vitality to downtown. Gatherings are now being held monthly.
- Block Captains have been identified as organizers and disseminators of information.

For 2023, the Chamber developed a work plan that is focused on marketing and promotions, small-business advocacy, growing the advisory group of the downtown businesses, and providing direct assistance to businesses:

- Reimage and relaunch DBA's web resources and incorporate into high-traffic sites, such as ilovemv.org and chambermv.org.
- Create and distribute the new Community Guide and Business Directory.
- Provide more directional signage on and behind Castro Street, especially in parking lots, to help customers locate businesses.

- Work with the Downtown Committee and Visual Arts Committee to incorporate more public art to increase vibrancy of the street and attract more visitors.
- Resume the State of the Downtown meeting, an annual meeting where the DBA president provides a review of the past year's activities and a projection for the upcoming year.
- Work with the City on a vacancy strategy, including consideration of a concierge/fast-track system for prospective buyers/tenants.
- Work with the City and businesses on strategies to support restaurants, retail, and services with the Interim Pedestrian Mall layout plans.

FISCAL IMPACT

The Chamber projects revenues from the two areas to be \$40,675 (\$31,000 for BIA No. 1 and \$9,675 for BIA No. 2) and are allocated to the Chamber for downtown promotions, business advocacy, and event planning in the downtown area. The assessments for both areas are added to the business license fee and are due with the renewal of the business licenses in January 2023. Staff works with the Chamber to ensure that businesses within the area pay their BIA fees.

ALTERNATIVES

1. Do not approve the annual report and do not set November 15, 2022 as the date of the public hearing. If the report is not approved, as filed or modified by the City Council, and the resolutions are not adopted, the BIAs' fees would not be levied, and there would be no funds for 2023 from either area to be allocated to the Chamber. The Chamber would need to seek new funding or reduce its programming.
2. Provide other direction.

PUBLIC NOTICING

The renewal of the current annual BIAs was presented at the September 6, 2022 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 and published in the *Daily Post Journal*, the official record for the City of Mountain View.

Prepared by:

John Lang
Economic Vitality Manager

Approved by:

Aarti Shrivastava
Assistant City Manager/
Community Development Director

Kimbra McCarthy
City Manager

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- Attachments:
1. Resolution of Intent to Levy Assessments for BIA No. 1
 2. Resolution of Intent to Levy Assessments for BIA No. 2
 3. Business Improvement Area Map
 4. Chamber Annual Report 2022

cc: Mountain View Chamber of Commerce